

**An Investigation into how Social Capital Influences Board Effectiveness
within the Context of Scottish Football**

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Abstract

This study examines how social capital influences board effectiveness within the context of Scottish football. While traditional corporate governance research has focused on board structures, recent work considers this approach too simplistic. Contemporary research now points towards board processes – meaning the nature and quality of directors’ social interactions – as the primary antecedent of board effectiveness. However, the process of how different kinds of board processes influence board effectiveness remains unclear. The present study addresses this gap in the literature by applying social capital theory to Scottish football club boards. Specifically, this study adopts Nahapiet and Ghoshal’s (1998) three-dimensional conceptualisation of social capital, which is viewed as an ideal lens for research focused on organisational dynamics. Further, and in contrast to other definitions, this lens is appropriate because it proposes social capital to have internal and external facets. Consequently, this mirrors the internal and external functions of boards. Scottish football is regarded as a pertinent context in which to extend governance research. Governance failings and insolvency have been common among Scottish football clubs, and therefore exploring board effectiveness in this setting could provide valuable insights for theory and practice.

This research adopts a multiple-case study design. Three clubs (Heart of Midlothian FC, Raith Rovers FC and Dunfermline AFC) were purposively selected in accordance with set criteria to achieve replication logic and facilitate cross-case comparisons. In total, 28 semi-structured interviews were conducted with 25 individual club directors and representatives of key institutions (such as the Scottish Football Association). The interview data are supplemented by extensive documentary material including club documents and online supporter discussion forums. The interpretivist perspective underpins the research, and the template analysis approach is used to analyse the data. The study makes practical and theoretical contributions. From a practical perspective, it extends knowledge of board effectiveness and its antecedents by illustrating how features of social capital such as social connections, trust and shared values facilitate board role performance and board dynamics in Scottish football clubs. Second, it makes a theoretical contribution by highlighting how the nature of the interaction process between social capital dimensions is influenced by contextual factors.

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ACADEMIC REGISTRY

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List of Relevant Publications

- McLeod, J. (2016). A Qualitative Inquiry in Supporter Representation on Scottish Football Club Boards. *Soccer & Society*, 1-14.
- McLeod, J. (2016). [Book Review] Contemporary Issues in Sport Management. *Interdisciplinary Perspectives on Equality and Diversity*, 2(2), 1-4.
- McLeod, J. (2016). [Conference Paper] Board Effectiveness in Scottish Football. *24th European Association of Sport Management Conference*, Warsaw, Poland.
- McLeod, J. (2016). How Scottish Football Fans are taking Charge in an Increasingly Polarized Global Market. *The Conversation*.
- McLeod, J., & McLaren, Y. (2016). Employment Law, In: Arshed, N. McFarlane, J. MacIntosh, R. (eds.), *Enterprise and its Business Environment*.
- MacIntosh, R. Andrews, K., & McLeod, J. (2015). Managing Change, In: MacIntosh, R. O’Gorman, K. (eds.), *Introducing Management in a Global Context*.

List of Abbreviations

CEO	Chief Operating Officer
CG	Corporate Governance
CIC	Community Interest Company
CSC	Cognitive Social Capital
DAFC	Dunfermline Athletic Football Club
FoH	Foundation of Hearts
HMFC	Heart of Midlothian Football Club
PST	Pars Supporters' Trust
PUCIC	Pars United (Community Interest Company)
RRFC	Raith Rovers Football Club
RDT	Resource-Dependence Theory
RSC	Relational Social Capital
SD	Supporters Direct
SFA	Scottish Football Association
SFSA	Scottish Football Supporters Association
SPFL	Scottish Professional Football League
SSC	Structural Social Capital

Chapter One: Introduction

1.1 Introduction to the Thesis

The aim of this study is to examine how social capital influences board effectiveness within the context of Scottish football. To achieve the aim, this research investigates how features of social capital such as network ties, trust and shared values influence ‘board role performance’ and ‘board dynamics’, which are the two dimensions of board effectiveness proposed by Forbes and Milliken (1999). Moreover, in order to make a theoretical contribution, this research explores how different features of social capital interact with each other before eventually influencing board effectiveness.

The structure of this introductory chapter is as follows. First, background information on the study is provided and the rationale for conducting the research is explained. Following this, an explanation of the problem statement is given. The significance of the research and its theoretical and practical contributions are discussed next, before the aim and objectives of the study are clarified. Finally, the chapter concludes with an outline of the thesis structure.

1.2 Research Background and Rationale

This study is positioned within two significant areas of literature associated with business and management research – corporate governance and social capital. The following sections provide an introduction to each of these topics and explain the rationale for combining them in the present study. An overview of the Scottish football context is then provided, and the rationale for extending governance research into this setting is discussed.

1.2.1 *Corporate Governance and Board Effectiveness*

Boards of directors are central to, and ultimately responsible for, the governance of many organisations (Stiles and Taylor, 2001). As a result, the concept of board effectiveness has long been a key consideration for governance researchers (Zona and Zattoni, 2007). Traditionally, research on board effectiveness has predominantly focused on ‘structural’ issues – such as the number of directors on the board (board size), whether the CEO and chairperson roles are held by the same person (CEO duality), and the ratio of executive

to non-executive directors (board independence) (Donaldson and Davies, 1991; Rhoades et al, 2000; Yermack, 1996). Three decades of research on board structures, however, has delivered inconclusive results. Indeed, the literature provides no clear indication that certain structural configurations of the board are more effective (Minichilli et al, 2009).

In consideration of the inadequacy of board structures research, the literature now points towards board processes as the key facilitator of board effectiveness (Finkelstein and Mooney, 2003; Minichilli et al, 2012; Pugliese et al, 2015). Board processes refer to the nature and quality of directors' interactions, and include concepts such as a shared vision, trust, social connections and the ability to handle conflict (Cornforth, 2001; Forbes and Milliken, 1999). Board processes refer to the relationships between directors themselves, and the relationships between directors and external actors or organisations.

In support of this research agenda, recent studies indicate that what serves actual board effectiveness is board processes such as unity of purpose (Charas, 2015), a culture of openness (Roberts et al, 2005) and meaningful communication (Zona and Zattoni, 2007). Nevertheless, despite a broad consensus in the governance literature that board processes are important for effectiveness, there is insufficient knowledge regarding how exactly different kinds of board processes contribute to effectiveness (Minichilli et al, 2012). Addressing this issue is argued to be critical if knowledge is to be usefully extended regarding how boards can best serve their organisations (Van der Walt and Ingley, 2008; Van den Berghe and Levrau, 2013).

The present study addresses this gap in the literature and therefore makes a useful contribution to knowledge of effective governance. Specifically, this research examines how social capital influences board effectiveness within the Scottish football context. This study adopts Forbes and Milliken's (1999) two-part definition of board effectiveness, which is widely considered a robust definition of the concept (Pye and Pettigrew, 2005; Nicholson and Kiel, 2007; Pugliese et al, 2015). They propose two dimensions of board effectiveness: (1) board task performance, meaning the board's ability to perform its specific roles successfully, and (2) board dynamics, defined as the board's ability to work together as a cohesive group. The rationale for adopting social capital as an underpinning theoretical framework is discussed in the next section.

1.2.2 *Social Capital*

Social capital is commonly understood as a resource that can be accrued through relationships (Bourdieu, 1985; Coleman, 1988; Nahapiet and Ghoshal, 1998). Board processes, on the other hand, refer to the nature and quality of directors' relationships (Cornforth, 2001). Social capital can therefore be thought of as an outcome of board processes. Further, the mechanisms that build social capital (such as network ties, trust and shared visions) can in themselves be thought of as board processes (Forbes and Milliken, 1999). In consideration of the conceptual overlap between social capital and board processes, social capital theory represents an appropriate theoretical framework in which to apply to the present study (Fredette and Bradshaw, 2012). In particular, this research adopts Nahapiet and Ghoshal's (1998: 243) definition of social capital. They describe the concept as:

"The sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network".

This definition is considered an appropriate conceptualisation for this study because it accounts for both the internal and external forms of social capital. Hence, it acknowledges resources that are "embedded within" and "available through" networks of relationships (Nahapiet and Ghoshal, 1998: 243). According to Barroso-Castro et al (2015), this mirrors the internal and external functions of boards, in that they are commonly required to work as an internal collective to make decisions, while also liaising with their external environment to provide the organisation with access to resources. In contrast, other prominent definitions of social capital only acknowledge either internal or external forms of social capital (Bourdieu, 1985; Coleman, 1988; Fukuyama, 1995).

Nahapiet and Ghoshal (1998) further posit that social capital has three dimensions. First, structural social capital (SSC), which refers to network structures and the social ties of individuals or organisations. Second, relational social capital (RSC), which commonly refers to the strength of relationships (i.e. trust and respect). Finally, there is cognitive social capital (CSC), which encapsulates shared visions, values and beliefs.

The present study examines how these three dimensions of social capital influence board effectiveness in Scottish football clubs. Further, Nahapiet and Ghoshal (1998) argue that the three dimensions of social capital are meaningfully interrelated. Therefore, to achieve the research aim, this study also investigates how the three dimensions interact before eventually influencing board effectiveness.

1.2.3 *Scottish Football*

In the UK, governance failures have been common among football clubs (Garcia and Welford, 2015). Indeed, in 2010 the then Sports Minister Hugh Robinson claimed: “if you look across sport, it is very clear to me that football is the worst governed sport in this country, without a shadow of a doubt” (Fitzpatrick, 2015: 307). For boards of Scottish football clubs in particular, effective governance is made more challenging by their lack of access to financial capital (Morrow, 2006). In comparison to football clubs in England, for example, the income that Scottish clubs receive from broadcasters is minimal. While the club that finishes top of the Scottish Premiership earns approximately £2.8m, the club that finishes bottom of the English Premiership receives approximately £100m (Macpherson, 2015). This financial gulf represents a significant challenge for Scottish football clubs. English football is widely accessible to watch on television in Scotland, and as a result, Scottish clubs are competing with English clubs to attract supporters (Fowler, 2017). The lucrative broadcasting income available to English clubs means they can attract elite players and the English Premier League is commonly considered one of the best leagues in the world (Buraimo and Simmons, 2015). Thus, it is becoming more difficult for Scottish football to promote the product it offers and compete in the globalised football market.

In an attempt to improve their league position, and therefore gain access to a larger share of broadcasting income, many Scottish football clubs have spent beyond their means (Morrow, 2015a). This has led a number of clubs into financial problems. Since 2000, 12 Scottish clubs have entered administration proceedings out of a pool of 42 league clubs. This includes some of the biggest clubs in the country such as Heart of Midlothian FC, Dunfermline AFC, and the particularly high-profile case of Rangers FC (Adams et al, 2017; BBC, 2013; Morrow, 2015a). The frequency of these insolvency cases suggests that standards of governance within Scottish football have traditionally been poor.

In response to their financial problems, there has been a growing trend in recent years of Scottish clubs adopting more community-orientated strategies (Supporters Direct, 2017). Such strategies typically involve a conscious effort to make a positive social impact on the local community, which is accompanied by an ethos in which financial sustainability is prioritised over on-field ambitions (Curran et al, 2014). Coinciding with this trend has been greater supporter involvement in ownership and governance. For instance, there has been an increase in the number of supporter ownership models – such as at Motherwell FC, Heart of Midlothian FC and St. Mirren FC (Adams et al, 2017; Morrow, 2015b). In addition, more clubs are appointing democratically elected supporter representatives to their board. Such representatives are invariably elected through a first-past-the-post voting system organised by a club's supporters' trust. As of 2017, 22 Scottish clubs have an elected supporter representative on their board (Supporters Direct, 2017). Previous research indicates that supporter involvement in ownership and governance enhances accountability and sustainability in football clubs (Hamil et al, 2000; Henry and Lee, 2004; Lomax, 2000). Thus, adopting this approach to governance indicates that attempts are being made to improve governance standards among Scottish football clubs.

To fully understand the Scottish football industry, it is important to note that its constituent football clubs are governed on two levels. As described in the previous paragraph, boards of directors shape the strategic direction of clubs at the organisational-level.

In addition to organisational-level governance, however, there are two main governing bodies that regulate clubs at the inter-organisational-level. First, there is the Scottish Football Association (SFA), which is a private limited company in itself, and is composed of 88-member football clubs from the various national and local football associations. The role of the SFA is to promote and develop football at all levels in Scotland. It is also responsible for the national teams and for organising the Scottish Cup (Scottish Football Association, 2017).

The second governing body – the Scottish Professional Football League (SPFL) – is also a private limited company. However, its members represent only the 42 football clubs competing in the four senior leagues (Scottish Premiership, Scottish Championship, Scottish League One and Scottish League Two). The SPFL's primary responsibility is to organise the league competition and develop its commercial success (which includes the

negotiation of broadcasting deals). In order to compete in their competitions, football clubs must comply with the regulations imposed by both of the aforementioned governing bodies. Such regulations cover revenue sharing, competition format and player transfers (Scottish Professional Football League, 2017). With regards to their legal structures, the majority of the individual 42 Scottish football clubs competing in the SPFL are privately owned companies, while three of them are publicly listed and three are community interest companies (CIC) (Supporters Direct, 2017).

Financially, the SPFL is the 17th highest revenue generating league system in Europe. Match-day and sponsorship revenue represent the primary source of income for Scottish football clubs. On average, 37% of their income comes from match-day revenue and 39% comes from sponsors. Only 13% of their income (on average) comes from broadcasters. This means that Scottish clubs are more reliant on match-day revenue than any of the other top 20 revenue generating leagues in Europe, which underlines the importance of the supporters who attend matches (Russell, 2017). Scottish football has traditionally been found to be the best attended league in Europe per capita – although this can vary on a weekly basis (Slevison, 2011). Nevertheless, this indicates the crucial role that football plays in Scottish society.

Given the high number of cases of administration and the recent growth in community-orientated strategies, Scottish football represents an appropriate setting in which to position the present study. Indeed, examining board effectiveness in a context that has traditionally been susceptible to governance failings can provide valuable insights for theory and practice (Morrow, 2004). Moreover, Scottish football appears to be a particularly rich context in which to explore the influence of the social capital concept. As discussed, Scottish football clubs have limited access to financial capital. Therefore, social capital represents a pertinent resource that boards are likely to draw on more regularly to bridge the gap between their financial capability and organisational objectives.

1.3 Research Problem

In consideration of the research background and rationale discussed in the previous sections, the following research problem is proposed:

There is insufficient knowledge regarding how the effectiveness of Scottish football club boards is influenced by different board processes (such as network connections, trust levels and shared values).

The literature review, methodology, data collection and data analysis processes employed in this study are designed to address the research problem stated above.

1.4 Research Significance

Through an examination of how social capital influences board effectiveness within the context of Scottish football, this research contributes to both theory and practice. The following sections discuss the areas in which this study contributes to knowledge.

1.4.1 *Contribution to Social Capital Theory*

Over the past two decades, interest in social capital has grown exponentially among researchers in various fields, but primarily in business and management studies (Baker & Faulkner, 2009). As such, social capital research is nearing maturity (Woolcock, 2010). Indeed, Kwon and Adler (2014) argue that, given the progress that has been made, there are no longer opportunities to develop the central tenets of social capital theory. Thus, the notion that social ties can be efficacious in providing information, influence and solidarity is no longer in dispute (Lee, 2009).

Despite this, a common theme in the social capital literature is that researchers can still usefully contribute to the field by examining and expanding on specific mechanisms of social capital theory (Lee, 2009; Kwon and Adler, 2014). In particular, the literature shows that there is insufficient knowledge regarding the interrelation of different forms of social capital (Al-Taabba and Ankrah, 2016; Lee, 2009; Kwon and Adler, 2014; Zheng, 2010). Thus, further research is required if a more robust understanding is to be achieved concerning the influence that social capital has on organisational processes and outcomes. The present study intends to address this gap in the literature by examining not only how individual dimensions of social capital influence the effectiveness of Scottish football boards, but also how the dimensions interact in that process.

1.4.2 *Contribution to Governance Practice*

As explained in section 1.2.1, previous research has traditionally focused too narrowly on the influence of board structures on board effectiveness, and the importance of board processes has largely been neglected (Finkelstein and Mooney, 2003; Minichilli et al, 2012; Zona and Zattoni, 2007). To date, there is a dearth of knowledge concerning how different board processes influence board effectiveness. Thus, this research will make a meaningful contribution to governance practice by highlighting how features of social capital such network connections, trust levels and shared values influence the effectiveness of Scottish football club boards. Furthermore, by positioning the study within the relatively unknown setting of Scottish football, this study will provide context-specific guidance for directors in an industry that has traditionally suffered from poor standards of governance (Adams et al, 2017; Fitzpatrick, 2015).

1.5 Research Aim and Objectives

In consideration of the research problem stated in section 1.3, the following research aim and objectives are proposed:

Aim

To examine how social capital influences board effectiveness within the context of Scottish football.

Objectives

1. To identify the role of the board in Scottish football clubs.
2. To establish how social capital influences board role performance.
3. To establish how social capital influences board dynamics.
4. To identify how the three dimensions of social capital interact.
5. To extend Nahapiet and Ghoshal's (1998) three-dimensional theory of social capital.

1.6 Methodology

The present study is underpinned by the interpretivist paradigm, which posits that social reality is relative and can only be understood from the individual perspective (Burns and

Burns, 2008). This philosophy was deemed appropriate in consideration of the research aim, which intends to understand how a process unfolds, rather than testing a prediction (Bryman and Bell, 2015). Drawing on Yin's (2014) guidance, this study implements a multiple-case study design. This approach was considered suitable in terms of achieving the aim and objectives of the study and in terms of the resources available to the researcher. Three clubs (Heart of Midlothian FC, Raith Rovers FC and Dunfermline AFC) were purposefully selected in accordance with set criteria to achieve replication logic and to facilitate cross-case comparisons. Qualitative data was collected from three main sources. The primary data source constitutes semi-structured interviews, in which 28 were conducted with 25 individual club directors and representatives of key institutions (such as the Scottish Football Association). The interview data are supplemented by documentary material such as governance planning documents, financial reports and articles from each club's website. Finally, data were collected from online supporter discussion forums, which represents a rich and easily accessible source of information that provides an insight into the views of key stakeholders (Millward, 2008). King's (2004) template analysis was used to analyse the data, which was assisted by NVivo software.

1.7 Structure of the Thesis

This section provides an outline of the thesis structure. The purpose and content of each chapter is as follows:

- **Chapter One**, the present chapter, provides background information on the study and offers rationale for conducting the research. The areas in which this study intends to contribute to knowledge are then clarified, before the aim and objectives are stated. The methodological approach is then summarised and the thesis structure is outlined.
- **Chapter Two** constitutes the first of two literature review chapters, and focuses on the topic of corporate governance. The chapter begins with an overview of the board of directors, which is considered the key mechanism of governance within organisations (Stiles and Taylor, 2001). Following this, the two main areas of corporate governance research – board roles and board effectiveness – are reviewed. With regard to board roles, the various theoretical perspectives

underpinning the concept are discussed, as is the importance of contextual factors in shaping board roles. For board effectiveness, the discussion focuses on its antecedents, which has long been a key concern within the governance literature (Minichilli et al, 2012). Finally, the chapter concludes by discussing the concept of governance within the football context.

- **Chapter Three** introduces social capital theory, which is the underpinning framework for the study. First, the chapter discusses the various definitions of social capital, before explaining and justifying the specific lens of social capital adopted in this research. The chapter then reviews previous research on social capital in organisational studies. The discussion is then further narrowed down to social capital studies focused specifically on governance, before the negative effects of social capital are considered. Previous research on the interrelation of different forms of social capital is then reviewed. Finally, the chapter concludes by summarising the gaps in research and identifying the research questions.
- **Chapter Four** presents the methodology adopted to achieve the research aim and objectives. The chapter begins with a discussion of research philosophy and offers a rationale for adhering to the interpretivist paradigm. This is followed by an overview of the multiple-case study design, before the data collection and data analysis techniques are described. The chapter concludes by discussing the ethical considerations associated with the study.
- **Chapter Five** represents the first findings chapter, and focuses on the case of Heart of Midlothian FC. First, the chapter provides an overview of the roles incumbent on the club's board, as described by the interviewed directors. This is followed by an in-depth discussion of how social capital influences board role performance and board dynamics. Finally, the chapter analyses how the different dimensions of social capital interact in this case.
- **Chapter Six** constitutes the second findings chapter and focuses on Raith Rovers FC. The chapter follows a similar structure to the previous chapter, with board roles being discussed first. The process by which social capital influences board role performance and board dynamics is then analysed, before the interrelation of social capital dimensions is discussed.

- **Chapter Seven** represents the final findings chapter and focuses on the case of Dunfermline Athletic FC. The structure of the chapter is the same as the previous findings chapters.
- **Chapter Eight** presents the cross-case analysis and discussion chapter. The purpose of this chapter is to synthesise the findings from the individual cases and discuss how they relate to the governance literature. The structure of the chapter mirrors the research objectives.
- **Chapter Nine** represents the conclusion of the thesis. This begins with a review of the study's aim and objectives. This is followed by a summary of the theoretical and practical contributions of the research. The limitations of the study are then discussed, before recommendations for future research are proposed.

1.8 Chapter Conclusion

The purpose of this introductory chapter was to set the context for the present study. The chapter began by providing a rationale for the research, and discussed background information on the three main areas of interest – corporate governance, social capital and Scottish football. This was followed by a discussion of the significance of the research. The aim and objectives were then stated and the structure of the thesis was outlined. The following chapter reviews the literature on corporate governance.

Chapter Two: Corporate Governance – Literature Review

2.1 Introduction

The literature review of this thesis spans two chapters. The present chapter provides a comprehensive review of the corporate governance literature, while chapter three reviews the social capital literature. The present chapter predominantly focuses on two main elements of governance research: board roles and board effectiveness. To begin, a general picture of the corporate governance topic is provided, wherein the board of directors is considered the fundamental mechanism (Stiles and Taylor, 2001). The broad literature surrounding the board of directors is then discussed, before an analysis of the literature concerning the role of the board is delivered. This is followed by a review of the board effectiveness concept, with a particular focus on its antecedents (Forbes and Milliken, 1999). Scottish football is then introduced as an appropriate setting in which to further governance research.

2.2 Corporate Governance

Corporate governance (CG) is a widely used concept that is incorporated into a diverse range of academic fields including management, finance, economics and law (Mallin, 2010). Broadly, CG can be understood as the “system by which companies are directed and controlled” (Tihanyi et al, 2014: 1535). The interpretation and importance of CG may vary depending on which country an organisation resides in (Doidge et al, 2007), with America and the UK considered to have the strictest laws regarding the prioritisation of shareholder interests (Charkham, 2008). The term corporate governance does not only refer to the way publicly listed companies are governed, but has evolved to encompass companies of all sizes and legal structures (Tihanyi et al, 2014).

Interest in the CG of organisations increased in the 2000s following a number of high-profile corporate failures (Kieff and Paredes, 2010). Former energy corporation Enron is commonly considered the worst scandal, with it being ranked in the USA’s Fortune top ten list of companies based on turnover prior to the period of whistleblowing in 2001 (Vinten, 2002). It transpired that a number of the company’s directors were guilty of accounting fraud, which ultimately led to bankruptcy and 20,000 employees losing their jobs (Mallin, 2010; Vinten 2002). Above all, Enron and similar cases such as WorldCom and Tyco highlighted a need for integrity within business, and for companies to be

governed with care and diligence. The importance of CG was again emphasised by the failures of top-level bankers amidst the global financial crisis in 2008 (Kieff and Paredes, 2010).

Such collapses have generated considerable interest in CG from researchers and policy-makers, with it being viewed as a critical concept to understand if similar failures are to be avoided in the future (Tihanyi et al, 2014). In the aftermath of the governance scandals in the 2000s, many western countries introduced regulations to try to encourage good governance. In the UK, this was in the form of the Corporate Governance Code ('the Code') (Jonsson, 2013). The Code is a consolidation and refinement of a number of different reports concerning principles of good governance, which began with the publication of the Cadbury Report in 1992 (Mallin, 2010). All publicly listed companies are required by the Financial Services and Markets Act 2000 to adhere to the Code, or justify where and why they have not. Private companies, which is the legal form of most football clubs, are also encouraged to conform, although they are not legally obliged to do so (Corporate Governance Code, 2016; Miche and Oughton, 2005).

From an academic perspective, there has been an increased focus on the board of directors in recent years (Minichilli et al, 2012; Pugliese et al, 2015). In particular, researchers are interested in finding out what boards do, and how they can maximise their effectiveness (Minichilli et al, 2009). The board of directors is suggested to be the fundamental mechanism of governance within organisations (Mallin, 2010).

2.3 The Board of Directors

The board of directors is defined as the "link between the shareholders of the firm and the management entrusted with undertaking the day-to-day operations" (Stiles and Taylor, 2001: 4). Over time, research on the board has taken various directions, and new streams of boards research has evolved. This evolution is manifested in the growth of board research relating to SME's (Classen et al, 2011), board diversity (Mahadeo et al, 2012) and director selection (Withers et al, 2012). However, despite the increasingly diverse range of governance studies, two issues have consistently dominated the agenda. The first issue concerns the role of boards, and the second concerns the effectiveness of boards (Petrovic, 2008; Van den Heuvel, 2006). Although these issues have been a high priority for researchers, extensive research has failed to develop a consensus as to how they should

be conceptualised and managed in practice (Van den Berghe and Levrau, 2013). The chapter now reviews the extant literature relating to board roles, discussing the key arguments and highlighting the gaps in research.

2.4 Board Roles

The issue of board effectiveness has generally taken precedence over board roles, with a larger volume of research dedicated to it. The justification for this refers to the notion that research on board roles does not offer the same value in terms of practical implications as board effectiveness (Petrovic, 2008). Nevertheless, as is commonly acknowledged in the governance literature, any discussion of board effectiveness first requires a clear understanding of the role of the board (Huse, 2005; Minichilli et al, 2009; Nicholson and Kiel, 2007). As Aguilera (2005) explains, board roles are individualised, and therefore board effectiveness cannot be explored if the roles of any one particular board are not expressly understood within a context. For instance, it would be illogical to investigate the effectiveness of all boards by observing how successfully they monitored a CEO, since not all organisations have a CEO. The extent to which a board is effective depends on how successfully it performs its own specific roles (Van den Berghe and Levrau, 2013). Thus, an understanding of board roles is critical to research on board effectiveness. Broadly, board roles can be inferred as the aggregated tasks, or functions, that the board performs (Van den Heuvel et al, 2006).

Researchers interested in the concept of board roles, regardless of the type of organisation being studied, generally advocate one or more of the following four roles: control, service, strategy and resource co-optation (Aguilera, 2005; Huse & Rindova, 2001; Inglis & Weaver, 2000; Jonsson, 2013). The control role refers to the board's task of monitoring senior management on behalf of the shareholders, in which hiring and firing CEOs is an important aspect (Van den Berghe & Baelden, 2005). The service role constitutes an internal function of advising and counselling senior management (Nicholson and Newton, 2010). The strategic role of the board has two components. The first component involves developing a vision for the organisation, while the second refers to strategic activities – meaning responsibility for implementing and reviewing strategy, and responding to stakeholders' needs (Inglis et al, 1999; Kim et al, 2009). The resource co-optation role refers to the responsibility of directors to provide access to resources outside the organisation. This may include financial, resources, human resources, or information

(Hillman et al, 2009). There is debate in the literature concerning the definition of these roles, with researchers offering a variety of overlapping and alternative conceptualisations (Nicholson and Newton, 2010). However, the definitions outlined above are the most commonly used in the literature, and are therefore adopted to guide the present study (Huse et al, 2011).

There is consensus in the literature that the four aforementioned roles can be accurately described as the conventions of ‘what boards do’ (Aguilera, 2005; Huse & Rindova, 2001; Inglis & Weaver, 2000; Jonsson, 2013; Kemp, 2006). However, in certain contexts the board is also suggested to have an operational role, meaning they have certain responsibilities for the day-to-day functioning of the business (Preston and Brown, 2004). Common scenarios in which the board has an operational role include organisations that have limited access to financial or human resources, such as amateur sports organisations and non-profit organisations (Carver, 2011; Inglis et al, 1999; Sakires et al, 2009). Generally, however, the CG literature does not acknowledge the board to have an operational role. Further, it is widely considered bad practice for the board to take on operational responsibility because it means the organisation loses independent oversight (Jackling and Johl, 2009; McIntyre et al, 2007; Shleifer and Vishny, 1997).

2.4.1 *Board Role Theories*

There is disagreement in the governance literature concerning the perceived importance of each of the four main board roles (control, service, strategy and resource co-optation). (Jonsson, 2013). Lawler et al (2002) claim that the average board meets between 8-10 times in a single year, and consequently, they face difficult choices as to where they should focus their time and effort. Moreover, it is common for individuals to hold multiple directorships and so they are limited in how much time they can dedicate to serving any one organisation.

The importance placed on each of the four main roles is guided by a variety of distinct theoretical perspectives (Huse & Rindova, 2001; Jonsson, 2013). These perspectives differ meaningfully in how they conceptualise the board’s purpose, which board attributes influence organisational performance, and which criteria should be used to assess board effectiveness (Zahara and Pearce, 1989). The three main perspectives are: agency theory, stewardship theory and resource-dependency theory (Huse & Rindova, 2001; Zahra and

Pearce, 1989; Van den Heuvel, 2006). These theoretical perspectives are now discussed in turn.

2.4.1.1 Agency Theory

Agency theory is generally acknowledged as the most dominant perspective in the CG literature (Eisenhardt, 1989a; Donaldson and Davis, 1991; Daily et al, 2003; Marie L’Huillier, 2014). The origins of the theory lie in the school of economics and finance, and the principle is derived from the Anglo-American ethos of maximising shareholder wealth (Marie L’Huillier, 2014). Agency theory is concerned with the contractual relationship between a principal (shareholders) and an agent (executives), in which some decision making authority is yielded to the agent (Fama, 1980; Jensen and Meckling, 1976). Thus, a separation of ownership and control is created, whereby there is an assumption that the executive in control may not act in the best interests of the shareholders. This adverse situation is referred to as the ‘agency cost’ (Berle and Means, 1991). From the agency perspective, senior managers are portrayed as opportunistic players who rationally maximise personal gains, even to the detriment of the shareholders (Donaldson and Davis, 1991).

There are important implications for conceptualising the role of the board through the lens of agency theory. For example, following the assumption that managers are driven by personal gain, the agency approach advocates governance structures that impose stringent monitoring systems on managers to ensure that they are not acting contrary to the interests of shareholders (Zahra and Pearce, 1989). Outside directors are considered integral to this process. An outside director is a person who sits on the board of a company but is not employed or associated with that company in any other capacity, thus allowing them to exercise a strong degree of independent judgement (Mallin, 2010).

According to the agency perspective, having a high proportion of outside directors on the board, and thus achieving ‘board independence’, is crucial for effective governance (McIntyre et al, 2007). This perspective, therefore, proposes that the fundamental role of the board is to monitor management activities. The terms ‘monitor’ and ‘control’ are used synonymously in this context, and thus, it is the control role that is fundamentally important to agency theorists. The practice of ‘equity compensation’, which means giving executives a stake in the profits of a company, is grounded in agency theory and is seen

as a mechanism available to boards when performing their control role (Dalton et al, 2003; Elson, 1995; Jensen, 1993).

The agency theory approach to board roles has dominated the majority of existing research on board roles. The theory was originally advocated by early governance researchers such as Berle and Means (1932) and Mizruchi (1983). They proposed that the increasing separation of ownership and control occurring in the 20th century would result in company executives pursuing agendas that were not aligned with shareholders. Early researchers aimed to validate the tenets of agency theory, but the empirical evidence did not support its propositions (Mizruchi, 1983; Zahra and Pearce, 1989).

Despite the failure of early research to validate the agency perspective on board roles, later research provides strong support for the theory. The initial growth of CG research in the 1990s led to an increase in research focusing on the importance of board independence and its relationship with financial performance (Petrovic, 2008). Results were positive, with various studies finding that having a higher proportion of independent directors on boards predicts financial performance (Jackling and Johl, 2009; Perry and Shivdasani, 2005; Rhoades et al, 2000; Rosenstein and Wyatt, 1990). Moreover, further research showed that board independence leads to more efficient decision-making concerning the removal of underperforming CEOs (Weisbach, 1988) and launching strategy initiatives (Johnson et al, 1993).

Perry and Shivdasani (2005) and similar studies provide support for the agency perspective, in which implementing a rigorous monitoring system is considered the fundamental role of the board of directors. However, despite the theory's prevalence, it is not without its critics. The fundamental criticism of agency theory concerns its assumption that CEOs, left unattended, will pursue self-interest (Eisenhardt, 1989a; Zahra and Pearce, 1989). Although studies have shown that this assumption is legitimate in certain situations (Perry and Shivdasani, 2005; Rhoades et al, 2000), it is not a universally accepted notion. In contrast, a number of studies have criticised the agency perspective for this overly economic view of human motivation and behaviour, claiming it to be too narrow and one-dimensional (Donaldson, 1990; Hill and Jones 1992; Kivisto, 2008). Furthermore, a number of recent empirical studies find that board independence has either no relationship or a negative relationship with financial performance – thus contradicting the assumption of agency theory that managers must be independently monitored to

maximise shareholder value (Dulewicz and Herbert, 2004; Erickson et al, 2005; Hsu, 2010; Bhagat and Black, 2000).

Although agency theory is the most frequently cited perspective regarding board roles, the literature shows that it does not represent the reality of all governance situations. As discussed, this is largely due to its narrow conceptualisation of CEO motivation, which subsequently overemphasises the importance of the board's monitoring role. Consequently, other board activities (e.g. advising CEOs), that are now considered integral board roles by researchers and practitioners, are not accounted for by agency theory (Jonsson, 2013). Thus, the literature shows that agency theory in itself cannot explain the role of the board (Donaldson, 1990; Hill and Jones, 1992; Zahra and Pearce, 1989).

2.4.1.2 Stewardship Theory

Stewardship theory was developed by Donaldson and Davis (1991) as an alternative to the agency perspective on governance. Contrary to agency theory's influence from economics and finance, stewardship theory emanates from organisational theory, sociology and human relations (Marie L'Huillier, 2014). The essence of the theory is that:

“CEOs, as stewards of the corporation, diligently work to attain high levels of corporate profit and shareholders' returns. Thus, organisational financial performance and shareholder wealth will be maximised by empowering managers to exercise unencumbered authority and responsibility” (Donaldson and Davis, 1991: 159).

Stewardship theorists thus argue that senior managers are team players whose objectives are aligned with those of the shareholders. Further, they suggest that they are not motivated exclusively by personal goals, and that there is a range of non-financial motives for managerial behaviour (Donaldson and Davis, 1991). These include the need for achievement and recognition, the intrinsic satisfaction of successful performance and respect for authority and work ethic (Muth and Donaldson, 1998; Donaldson and Davis, 1991; Marie L'Huillier, 2014). Historically, these concepts have been well supported in the literature (Argyris, 1976; Herzberg, 1966; McClelland, 1965). Stewardship theorists do not advocate putting managers under strict control of owners. Rather, they advise empowering them to take autonomous executive action (Cristopher, 2010). Unification

of the CEO and chairperson roles is thus considered beneficial from the stewardship perspective, as it provides CEOs with the freedom to carry out the business of the company without being hindered by supervisory processes (Donaldson and Davis, 1991).

From the stewardship perspective, the perceived role of the board directly contrasts the propositions of agency theory. Due to the assumption that senior managers are not opportunistic individuals and that their objectives are aligned with shareholders, the emphasis on the monitoring role is limited (Zahra and Pearce, 1989). Conversely, the consensus in the stewardship literature is that the role of the board is one of guiding management and helping them achieve the mission and objectives of the organisation (Erakovic and Goel, 2008; Hillman and Dalziel, 2003; Shen, 2003). Hung (1998) supports this, claiming that guiding management, as opposed to monitoring them, requires a focus on the strategy and service functions of the board.

Because the theoretical assumptions of stewardship theory are directly opposed to those of agency theory, support for the stewardship perspective of board roles is linked to the empirical research discussed previously in relation to agency theory. For example, research that supports the agency perspective by showing that board independence leads to enhanced financial performance, simultaneously contradicts the central tenets of stewardship theory (Jackling and Johl, 2009; Perry and Shivdanasi, 2005; Rhoades et al, 2000; Rosenstein and Wyatt, 1990). Similarly, those studies that contradict the propositions of agency theory provide support for stewardship theory's interpretation of the role of the board (Dulewicz and Herbert, 2004; Erickson et al, 2005; Hsu, 2010; Bhagat and Black, 2000). Such studies argue that a more intensive monitoring system on management has a negative or no relationship with company performance.

The inconsistency in previous research suggests that neither stewardship nor agency theory in themselves can adequately explain the role of the board. Similar to the limitation of agency theory, stewardship theory's conceptualisation of director motivation is argued to be too one-dimensional (Hung, 1998), and ignores the dynamic relationship between boards and management, which is often one of conflict and dissonance (Zahra and Pearce, 1989).

2.4.1.3 Resource-Dependence Theory

Grounded in sociology and organisational theory (Zahra and Pearce, 1989), the central tenet of resource-dependence theory (RDT) is that resources are key to organisational success and that access to and control over resources is a basis of power (Muth and Donaldson, 1998). Moreover, RDT suggests that boards span the boundary between an organisation and its environment and serve their organisation as a legitimizing and co-optation mechanism to extract resources (Huse & Rindova, 2001). The concept was initially developed by Pfeffer and Salancik (1978), and since then the board of directors has seen the greatest application of the theory (Hillman et al, 2009).

From the resource-dependence perspective, the fundamental role of this board is to provide access to resources external to the organisation. Directors aim to help their organisation by managing environmental interdependencies that cause uncertainty (Pfeffer and Salancik, 2003). A common means of achieving this is utilising their contacts to co-opt proficient individuals to the organisation and, more specifically, the board (Hillman et al, 2009). Directors can also use their connections to supply management with timely information and to convey to their stakeholders information about the organisation. Furthermore, the reputation or prestige of directors in the business or political communities may enable them to legitimise the organisation and to mobilise external support and resources. Hence, by connecting, co-opting and legitimising, boards are predicted to contribute positively to organisational performance (Huse & Rindova, 2001).

Prior reviews of the literature on the board of directors suggest that RDT has the most empirical support of any of the main theoretical frameworks, including agency theory (Johnson et al, 1996; Zahra and Pearce, 1989). Thus, although RDT is less frequently applied to the study of boards than agency theory, the evidence shows that it is just as useful a lens, if not more useful, for understanding what boards must do to achieve board effectiveness and enhanced organisational performance (Hillman et al, 2009).

Research investigating the importance of the resource co-optation role has generally focused on two phases of the organisational life cycle: the developmental stage and the decline stage (Daily, 1995). In both cases, empirical research suggests that the practice of directors providing the organisation with access to resources is an important predictor of organisational performance. For the developmental stage, Kor and Misangyi (2008) find

that, for young enterprises, a shortage of industry experience among executives is compensated by the presence of outside directors with significant industry experience and connections with regard to rates of growth. Similar results were found in other studies (Johnson and Greening, 1999; Peng, 2004), and thus, the extant research provides strong support for the propositions of RDT.

With regard to research on the decline stage, RDT has gathered further empirical support. For example, Daily (1995) finds that companies with a higher proportion of resource-rich outside directors are more likely to re-emerge from bankruptcy successfully. Similarly, Arthaud-Day et al (2006) propose that during a legitimacy crisis such as financial restatements, an increase in the number of outside directors facilitates the re-establishment of broken relationships with stakeholders. Further, Daily and Schwenk (1996) find that a higher proportion of outside directors with strong industry ties is positively related to pre-packaged bankruptcy filings and negatively related to time spent in bankruptcy.

The extant literature shows that in both the developmental and maturity stages of an organisations life cycle, RDT is an effective lens for understanding a key function of the board. However, as Huse and Rindova (2001) suggest, although RDT effectively explains an important aspect of the board's role (providing access to external resources) it does not account for other pertinent functions of the board that are commonly acknowledged in the literature, such as the control and service roles. This is supported by numerous other researchers who argue that taken alone, RDT does not sufficiently account for the reality of all that boards do (Zahra and Pearce, 1989; Van den Heuvel et al, 2006; Jonsson, 2013).

So far, this chapter has discussed the three main theoretical perspectives used by researchers to explain 'what boards do'. Following a review of the main theories, the literature shows that no single theoretical perspective in itself is capable of explaining the role of the board. Supporting this argument, Stiles and Taylor (2001) state that each perspective seems to focus only on one small part of the board's role and no theory is able to explain the complete picture. Thus, the evidence suggests that the role of the board is more complex than the singular theories suggest (Hung, 1998; Stiles and Taylor, 2001). Instead, boards are argued to perform a combination of functions that are consistent with a variety of distinct and contradictory theoretical perspectives (Hung, 1998; Van den Heuvel et al, 2006). Consequently, many researchers have called for the adoption of a

multi-theoretical approach, which integrates the three aforementioned theories, in order to gain a more holistic understanding of the role of the board (Daily et al, 2003; Aguilera et al, 2008; Young and Thyl, 2008). The next section discusses how contextual factors influence board roles.

2.4.2 *Board Roles – Contextual Factors*

Stiles and Taylor (2001) argue that the inability of extant research to validate any of the singular theories is due to the notion that board roles, through a complex interplay of contextual factors, individual abilities and structural conditions, are actively created and changed over time. For instance, research suggests that board roles are dependent on specific legal and regulatory issues (Christopher, 2010), organisational-level issues such as the size of the business (Aguilera, 2005) and external factors such as pressure from stakeholders (Lawler et al, 2002). Furthermore, Van den Berghe and Baelden (2005) highlight the time and resources available to directors as an important factor in determining the board's role. Thus, the literature acknowledges that various internal and external factors influence board roles, and therefore, the function of the board cannot be generalised across organisations (Fiegener et al, 2000; Gabirelsson and Huse, 2002; Huse, 2000). It is for this reason that an understanding of the specific roles incumbent on a board is essential to studies on board effectiveness. As will be discussed in section 2.5, the effectiveness of a board is dependent on the extent to which it performs its specific roles successfully (Van den Berghe and Levrau, 2013). Thus, given that board roles are individualised, it is necessary for researchers to identify the role of the board that they are investigating if they are to measure or understand its effectiveness.

Despite this, although the literature indicates that board roles are dependent on firm-level factors (Aguilera, 2005), research shows that a number of trends exist within particular contexts regarding the roles that boards perform. This chapter will now explore the main contexts that have been studied in relation to board roles. This includes the contexts of corporations, SMEs, non-profits and sport organisations.

2.4.2.1 *Corporations*

The majority of research conducted in the CG field has focused on large, publicly listed, western companies (Jonsson, 2013). The literature acknowledges that such companies are more likely to be vulnerable to agency costs due to a separation of ownership and control

(Zahra and Pearce, 1989; Johnson et al, 1996). It is therefore logical that public companies are more likely to require stringent monitoring systems, and this has been supported by empirical research (Rosenstein and Wyatt, 1990; Shleifer and Vishny, 1997; Rhoades et al, 2000). Thus, for corporations, the control role is widely considered an essential function of the board. The literature also shows that corporate boards have important responsibilities concerning the strategy, service and resource co-optation roles (Hillman et al, 2000). However, these roles are more likely to vary in importance to corporate boards, while the control role is prevalent in most studies that focus on corporations due to the separation of ownership and control (Forbes and Milliken, 1999; Hillman and Dalziel, 2003; Zahra and Pearce, 1989).

Despite the prevalence of the control role in studies on corporations, firm-specific factors still ultimately determine the role of the board. For example, when studying listed Belgian companies, Van den Berghe and Baelden (2005) argue that whether a board delegates to a single-headed management or joint management team has important implications for the importance of the control role. According to the authors, a single-headed management is more likely to abuse power. Therefore, the micro-level contextual conditions of a company, as in whether they delegate to joint management teams or a single-headed management, affects the degree to which they need to carry out a monitoring function. Thus, although the control role is generally important for corporate boards (Johnson et al, 1996), the roles that individual boards perform, and the extent to which they are important, is still dependent on organisational-level contextual factors.

2.4.2.2 *SMEs*

Board role research is not new within the SME context. Barach (1984) conducted one of the earliest studies, in which the roles of strategy and service were highlighted as the most important tasks. It is generally acknowledged that the control role, contrary to public companies, is not as important a function for SME boards (Jain and Gumpert, 1980; Huse, 2005). Van den Heuvel et al (2006) carried out a study on 286 CEOs of SMEs and found a consensus among them that the service role is of far greater importance than the control role. Support was also found for the resource co-optation role, and moderate support was found for the strategy role.

The findings of Van den Heuvel's (2006) study are supported by the wider SME literature, with various other researchers suggesting that the service role is paramount (Jain and Gumpert, 1980; Huse, 2005; Johannisson and Huse, 2000). Generally, the reason for this refers to the concentration of ownership that is found in SMEs. Concentrated ownership makes it clear who is in control of the company, and links between management and shareholders tend to be closer (Jain and Gumpert, 1980; Huse, 2005). When links between management and shareholders are close, the need for a control role diminishes (Gabrielsson and Huse, 2005; Jonsson, 2013). Thus, the extant literature indicates that, generally, the main purpose of SME boards is to advise and counsel the management team rather than monitor them.

2.4.2.3 Non-Profit Organisations

By definition, maximising shareholder wealth is not part of a non-profit board's remit (Cornforth, 2003). Conversely, whether a non-profit focuses on issues of health, education, humanitarian outreach or sport, the primary purpose of the board of directors is to ensure the organisation is on track with meeting whatever aims have been pre-determined in consideration of its cause (Glaeser, 2002). Non-profit boards can achieve this in a number of ways that are similar to the functions conventional boards perform, such as strategy, monitoring, service and resource co-optation (Corthforth, 2003).

The non-profit sector has grown rapidly in size and significance in recent years, which has led to an increase in research on non-profit governance (Cornforth, 2011). Although the majority of non-profit governance research has focused on board effectiveness (Bradshaw et al, 2007; Stone and Ostrower, 2007), there has been some developments concerning understandings of board roles within non-profits. For instance, Cornforth (1999, 2001, 2003) argues that resource co-optation is particularly important for non-profit boards because they tend to work on smaller budgets. Thus, providing access to human or financial resources is critical for non-profit boards in maximising their own effectiveness, and the performance of the organisation as a whole.

A small number of studies have also noted that, due to the limited resources generally available to non-profits, it is common for their boards to perform operational roles (Carver, 2011; Preston and Brown, 2004). Nevertheless, Carver (2011) suggests that non-profit boards should avoid this if possible to maintain a clear distinction between

executives and non-executive positions, which is highlighted as a precondition of effective governance. The control, service and strategy roles are further acknowledged as board functions in non-profit research (Cornforth, 2001). However, the resource co-optation role stands out in previous research on non-profits as the critical role for boards if they are to be successful (Cornforth, 1999, 2001, 2003; Ostrower and Stone, 2006).

2.4.2.4 *Sport Organisations*

Research on the governance of sport organisations has increased in recent years (Ferkins and Shilbury, 2015). The majority of this research, however, focuses on board effectiveness and strategic capability (O’Boyle and Shilbury, 2016; Shilbury and Ferkins, 2015) and board cohesion and motivation (Doherty and Carron, 2003; Inglis, 1994). Studies focusing specifically on board roles have been less frequent. This includes Shilbury (2001), who shows that Australian sport boards carry out nine functions that can be categorised under the control, service and strategy roles. Similarly, Yeh et al (2009) find that amateur sport organisations have responsibilities for control, service, strategy and resource co-optation. Moreover, the two aforementioned studies recognise that the boards of sport organisations, given their lack of resources, are required to perform operational roles similar to non-profit organisations.

Notwithstanding Shilbury (2001) and Yeh et al’s (2009) studies, sport organisations remain a relatively unexplored context in relation to board roles research – particularly in comparison to SMEs and corporations. Further research is thus required to gain a better understanding of how board roles are defined in sport organisations, what roles are considered important, and whether any trends exist within the the sport context.

2.4.3 *Board Roles Summary*

The previous sections of this literature review have provided an overview of current research relating to board roles. It is widely acknowledged by governance researchers that boards generally perform four roles: control, service, strategy and resource co-optation (Zahra and Pearce, 1989). This chapter has discussed how each of these roles are rooted in a number of distinct theoretical perspectives. However, none of the existing theories in themselves are capable of explaining all of the functions that boards are required to perform (Hung, 1998; Van den Heuvel et al, 2006). This has led to researchers calling for the adoption of a multi-theoretical approach, which integrates the main perspectives

including agency theory, stewardship theory and RDT (Daily et al, 2003; Aguilera et al, 2008; Young and Thyl, 2008).

The inability of any of the existing theories to adequately explain all of the functions that boards perform reflects the notion that board roles are influenced by a complex interplay of contextual factors (Stiles and Taylor, 2001). For instance, they change depending on internal factors such as the size of a business (Aguilera, 2005), and on external factors such as regulatory requirements and stakeholder pressure (Christopher, 2010; Lawler et al, 2002). Despite this, trends exist between contexts concerning the role of the board. Corporations tend to have an emphasis on the control role (Hillman et al, 2000), SMEs have been found to value the service function most (Van den Heuvel et al, 2006), while resource co-optation is important for non-profits (Cornforth, 2001, 2003). Further research, however, is required to gain a deeper understanding of board roles within the sport context where the issue has largely been neglected.

Finally, although observing trends within and across contexts can provide researchers with a greater understanding, it should be noted that board roles are idiosyncratic and organisational-level factors ultimately determine what functions are important for boards. For example, the control role is commonly considered important for corporations due to the separation of ownership and control (Hillman and Dalziel, 2003). However, Van den Berghe and Baelden (2005) find that the control role is less important for corporate boards that delegate to joint management teams as opposed to a single-headed management, due to the latter being more likely to abuse power. Thus, the individual circumstances of an organisation ultimately guide board roles, regardless of wider contextual characteristics.

2.5 Board Effectiveness

Board effectiveness represents the dominant topic within governance research (Khanna et al, 2013). The high-profile corporate scandals of Enron and Tyco in the early 2000s have made it a particularly high priority for researchers (Kieff and Paredes, 2010). This chapter's review of the board effectiveness literature begins by discussing the definition of the concept. This is followed by a review of the antecedents of board effectiveness (including board structures and processes), before the relevant gaps in the literature are outlined.

2.5.1 *Defining Board Effectiveness*

Board effectiveness is a multi-dimensional concept, and thus, defining and measuring it is not a straightforward exercise (Van den Berghe and Levrau, 2013). Traditionally, researchers have used financial performance as a proxy for board effectiveness. Primarily, this is due to the ease with which financial outcomes can be measured, particularly in comparison to board processes (Minichilli et al, 2009).

Although organisational performance and board effectiveness are related, however, they are not inextricably linked (Khanna et al, 2013). Recent studies make it clear that it is not feasible to judge the effectiveness of a board solely on the financial performance of the organisation it serves (Minichilli et al, 2012; Van den Berghe and Levrau, 2013). For instance, some organisations do not exist to generate profit, and therefore financial performance cannot be considered a reliable proxy for effectiveness (Cornforth, 2003). Moreover, Van den Berghe and Levrau (2013) posit that boards do not operate in isolation, but rely on management and environmental factors to ensure that the organisation prospers. It is conceivable for a board to be operating at maximum effectiveness while the financial performance of the organisation is poor. For example, situations may arise in which uncontrollable external factors are inhibiting organisational processes (Minichilli et al, 2012). Thus, there is consensus in the literature that definitions and measures of board effectiveness must be established at board-level if they are to be reliable, and therefore, they must be independent from organisational performance (Forbes and Milliken, 1999; Van den Berghe and Levrau, 2013).

Forbes and Milliken's (1999) seminal work offered one of the first attempts to define board effectiveness at the board-level. They propose two dimensions of board effectiveness: (1) board role performance, defined as the board's ability to perform its roles successfully, and (2) board dynamics, defined as the board's ability to work together as a cohesive group. These dimensions are the traditional 'task' and 'maintenance' criteria identified in previous models of group effectiveness (Cohen & Bailey, 1997; Gladstein, 1984). Both of these dimensions are board level constructs, distinct from organisational performance. However, they do contribute to organisational performance. The board role performance dimension influences organisational performance directly, whereas the cohesive dimension affects it indirectly by influencing present and future levels of task performance (Forbes and Milliken, 1999).

Forbes and Milliken's (1999) two-dimensional model is considered a robust definition of board effectiveness in the literature, and has since been adopted or adapted by numerous researchers in subsequent studies (Daily et al, 2003; Van den Berghe and Levrau, 2004, 2013; Levrau and Van den Berghe, 2007; Pye and Pettigrew, 2005; Nicholson and Kiel, 2007; Pugliese et al, 2015). Given the prominence of Forbes and Milliken's (1999) definition, it is considered an appropriate definition of board effectiveness for the present study. Further, adopting this model provides clear criteria in which to investigate board effectiveness in Scottish football clubs.

2.5.2 Board Structures

Researchers interested in board effectiveness have primarily focused on identifying its antecedents (Van den Berghe and Levrau, 2013). Traditionally, this has involved a focus on structural aspects of the board such as board independence, board size, CEO duality and board diversity (Minichilli et al, 2012). The following sections review the empirical literature relating to the main board structures and their influence on board effectiveness.

2.5.2.1 Board Independence

Board independence refers to a situation in which the majority of directors on a board are non-executive and do not have an affiliation with the senior management or executives (McIntyre et al, 2007). As discussed in 2.5.1 on agency theory, the empirical evidence concerning the effects of board independence is inconsistent. While a number of studies indicate that a higher proportion of independent directors enhances board effectiveness (Jackling and Johl, 2009; Perry and Shivdasani, 2005; Rhoades et al, 2000; Rosenstein and Wyatt, 1990), various other studies suggest that there is a negative or no relationship (Dulewicz and Herbert, 2004; Erickson et al, 2005; Hsu, 2010; Bhagat and Black, 2000).

The vast majority of studies focusing on board independence are limited in that they have used financial performance as a proxy for board effectiveness (Minichilli et al, 2009). Nevertheless, the few studies that have investigated the relationship between board independence and specific board-level outcomes such as board task performance have still produced inconsistent results (Zona and Zattoni, 2007). In their review, Minichilli et al (2009) suggest that the incongruity of previous research reflects the notion that it is too simplistic to view structural factors such as board independence as primary antecedents of board effectiveness. In contrast, boards are argued to operate in complex environments

in which various social, structural and behavioural factors influence effectiveness (Van den Berghe and Levrau, 2013).

2.5.2.2 *CEO Duality*

CEO duality refers to the situation when the two most influential positions within a company, the CEO and Chairperson, are held by the same person (Krause et al, 2013). A number of previous studies suggest that CEO duality has a positive impact on board effectiveness. Primarily, financial performance was used as a proxy for board effectiveness in these studies (Donaldson and Davis, 1991; Brickley et al, 1997; Davidson et al, 2001; Krause et al, 2013). Boyd (1995), for example, conducted a study in which 192 publicly listed firms from 12 different industries were investigated. A positive correlation was found between companies that separated the CEO and chairperson roles and financial performance, with contextual factors also having a moderating influence. This and other similar studies provide strong support for the proposition of agency theory that power should not be concentrated with the executives.

The studies cited above have, however, been contradicted by various others that suggest there is no relationship, or a negative relationship, between CEO duality and board effectiveness (Rechner and Dalton, 1991; Daily and Dalton, 1992; Daily and Dalton, 1995). For instance, Baliga et al (1996) carried out a study on 375 Fortune 500 firms between 1980 and 1991, showing that changes in CEO duality have no effect on the effectiveness of the board. Financial measures including return on equity, return on assets and operating cash flow as a percentage of sales were used as proxies. Thus, the literature shows that separation of the CEO and chairperson roles does not necessarily improve the board effectiveness. Moreover, the evidence contradicts various governance regulations implemented in western countries that state that the two most influential roles within a company should not be held by the same person (UK Corporate Governance Code, 2016). The mixed results of previous studies indicate that CEO duality is not the key antecedent of effective boards (Krause et al, 2013).

2.5.2.3 *Board Size*

Board size refers to the total head count of directors sitting on an organisation's board (Lawal, 2012). There is support in the extant literature for the notion that smaller boards are more conducive to effectiveness (Eisenberg et al, 1998; Daily et al, 1999). For

example, Yermack (1996) investigated a sample of 452 US companies over an 8-year period and discovered a recurring negative relationship between large boards and company performance as a proxy for board effectiveness. Most studies argue that smaller boards facilitate strong group cohesion among the directors, and that that poorer standards of communication found in larger boards is the primary reason for diminished effectiveness (De Andres et al, 2005; Palmberg et al, 2009).

The notion that smaller boards are more effective, however, is not a universally held view. A number of recent studies argue that board size should reflect context-specific factors such as the size of the organisation and the nature of the business - which means certain organisations may be better suited to larger boards (Lehn et al, 2004; Boone et al, 2007; Coles et al, 2008; Guest, 2008). Linck et al (2008) carried out a study of 8000 public companies and found that board size was only an indicator of performance in larger firms. Cornforth (2011) found that non-profit organisations benefit from having a large board due to limited financial and human resources. In addition, Lawal (2012) argues that the size of the board in terms of quantity is insignificant compared to the quality of directors contributing to decision-making. Furthermore, Sonnenfeld (2002) contends that some of the most successful companies in the US such as Wal-Mart and GE have boards as large as 10 people.

Similar to board independence and CEO duality, the majority of research on board size is limited by its use of financial performance as a proxy for board effectiveness. Nevertheless, of the three structural characteristics, board size has delivered the most consistent results with the majority of studies indicating that smaller board enhances cohesion and effectiveness (Linck et al, 2008). However, a number of alternative studies show that smaller boards are not necessarily better, and suggest that contextual factors dictate the optimal board size for individual organisations (Lawal, 2012). Again, this illustrates how the structural conditions of the board cannot be viewed in themselves as the antecedents of board effectiveness.

2.5.2.4 Board Diversity

Board diversity is another structural characteristic that has grown in interest for governance researchers (Adams et al, 2015). There are two main types of board diversity. First, there is task-related diversity, such as different educational or functional

backgrounds. Second, there is non-task-related diversity, such as gender, race, and age (Arfken et al, 2004).

For task-related diversity, research shows that boards composed of directors with a wide range of skills, in addition to context-specific expertise, will perform more effectively (Davidson et al, 2004; Hillman, 2005; Walters et al, 2007; Withers et al, 2012). This kind of resource, meaning the knowledge and skills of individual directors, is commonly referred to as human capital (Kor and Sundaramurthy, 2009). Generally, the literature suggests that human capital, and in particular diverse human capital, is beneficial for board effectiveness. In particular, studies show that the knowledge of directors assists them in performing the service function (Forbes and Milliken, 1999; Hendry and Kiel, 2004; Minichilli et al, 2009). More widely, human capital has consistently been found to improve organisational functions and performance (Crook et al, 2011; Hitt et al, 2001; Skaggs and Youndt, 2004).

For non-task-related diversity, the literature has delivered mixed results concerning its influence on board effectiveness. For example, a large literature focuses on the effects of gender diversity on board effectiveness, primarily using financial performance as a proxy. Some studies find a positive effect (Dezso and Ross, 2012; Terjesen, et al, 2015), others find no relationship (Chapple and Humphrey, 2014) and others a negative effect (Adams and Ferreira, 2009). The inconsistency of previous research concerning the influence of board diversity on board effectiveness can partly be attributed to differences across studies regarding measures of effectiveness. Further, the inconsistency of these studies reflects the notion that board structures in themselves are not the antecedents of board effectiveness (Adams et al, 2015; Terjensen et al, 2015).

Another stream of literature that has received attention from researchers in relation to board diversity is the concept of worker directors, otherwise known as stakeholder representation (Crucke and Knockaert, 2016). A worker director is an individual appointed to a board of an organisation to represent its workforce. Generally, the individual is elected by the workers themselves to sit on the board (Jones, 1987). Worker directors provide first-hand expertise in relation to employee engagement and management, and thus, this represents a form of task-related diversity (Verma and Weststar, 2011).

With regards to the empirical evidence, the literature provides further mixed results concerning the influence that worker directors have on board effectiveness and other organisational outcomes (Crucke and Knockaert, 2016; Kraft et al, 2011). For instance, researchers have shown that organisations that accommodate worker directors on the board are more efficient (Kraft and Stank, 2004; Kraft et al, 2011). Moreover, studies show that worker directors improve board effectiveness when using return on equity as a proxy (Kraft and Ugarkovic, 2006), and that they facilitate better links to the employees, which then leads to higher organisational market value (Fauver and Fuerst, 2006). Other studies show that stakeholder representation on the board can assist the organisation in gaining legitimacy from stakeholder groups, which is subsequently useful for co-opting human and financial resources (Doherty et al, 2014; Miller et al, 2012).

Despite those studies, contrasting research indicates that worker directors are detrimental to board effectiveness and lead to lower organisational productivity and profits (Baums and Frick, 1998; Fitzroy and Kraft, 1993; Gorton and Schmid, 2004). Further, research shows that stakeholder representation on the board can lead to slower decision-making (Harrison and Freeman, 2004; Hielscher et al, 2014; Matten and Crane, 2005). Again, the inconsistency in previous research relating to worker directors suggests that board structures are not in themselves meaningful predictors of board effectiveness.

2.5.3 Board Processes

As sections 2.5.2.1 to 2.5.2.4 illustrate, board structures such as board independence, CEO duality, board size and board diversity cannot in themselves be considered the antecedents of board effectiveness. Further, the literature appears to have reached a consensus that there is no ‘one size fits all’ in relation to board structures (Minichilli et al, 2009; Van den Berghe and Levrau, 2013; Zona and Zattoni, 2007). Acknowledging this, Finkelstein and Mooney (2003) claim that governance researchers interested in board effectiveness need to move beyond the traditional approach of focusing on board structures, which they term the ‘usual suspects’. Sherwin (2003) expands on this by noting that boards face two types of issues: ‘mechanical’ issues, which are more tangible and can be addressed by regulation (e.g. board structures such as independence and size), and ‘organic’ issues (referred to as ‘board processes’ in this study) that are difficult to regulate such as directors’ relationships, trust and conflict.

To clarify an important distinction in this study, the concept of board processes encompasses the notion of board dynamics. In this research, board processes refers to the nature and quality of directors' interactions in general, while board dynamics specifically concerns the nature and quality of the relationships between directors themselves (Charas, 2015; Forbes and Milliken, 1999). This chapter now reviews the literature on board dynamics and directors' external relationships separately.

2.5.3.1 Board Dynamics

There has been an increased focus from governance researchers on the issue of board dynamics in recent years (Finkelstein and Mooney, 2003; Petri and Soublin, 2010; Van den Berghe and Levrau, 2013). This area of the literature focuses on the social climate of the board, and analyses how the quality of directors' interrelationships influence the board's ability to perform its roles successfully and therefore maximise its effectiveness. (Bhardwaj and Vuyyuri, 2005; Leblanc, 2004). Ultimately, board dynamics is concerned with the board's ability to work together as a cohesive group (Forbes and Milliken, 1999).

The empirical research on board dynamics has produced promising results (Bhardwaj and Vuyyuri, 2005; Finkelstein and Mooney, 2003; Leblanc, 2004; Petri and Soublin, 2010; Van der Walt and Ingley, 2008; Zona and Zattoni, 2007). For example, Roberts et al (2005) carried out a study in which 40 in-depth interviews were conducted with corporate directors. They find that what serves actual board effectiveness is a culture of openness in an environment of trust and mutual respect. Further, Minichilli et al (2011) surveyed 535 industrial firms in Italy and Norway. Their findings show that trust is a far stronger indicator of board effectiveness than board structures. Moreover, research shows that unity of purpose and a shared goal among directors enhances board dynamics and effectiveness (Charas, 2015; Pugliese et al, 2015). Support for this argument is also found in the group and team effectiveness literature (Ambrose and Rutherford, 2016; Kundu and Ganguly, 2014; Wageman, 1995).

One aspect of board dynamics that has received significant attention from governance researchers relates to the issue of conflict (Zona and Zattoni, 2007). The literature typically distinguishes between two types of board conflict: cognitive conflict and affective conflict (Heemskerk et al, 2017). Cognitive conflict refers to disagreement over decisions that must be made (Jehn, 1995), while affective conflict refers to clashes of

personality (Melkumov and Khoreva, 2015). Generally, the literature shows that cognitive conflict can be beneficial for boards, while affective conflict is invariably detrimental (Torchia et al, 2015). This is because cognitive conflict has been found to enable critical debate and reduce groupthink, encourage creativity, and lead to more efficient group interaction processes (Amason and Sapienza, 1997; Heemskerk et al, 2017; Walker et al, 2015). Conversely, affective conflict leads to poor communication, defensiveness and inefficient decision-making (Liang, 2006; Ortgiese, 2007).

Research into board dynamics has provided valuable insights regarding the antecedents of board effectiveness, which has traditionally focused too narrowly on board structures. In sum, the literature has evolved to acknowledge the crucial importance of director interrelationships and interaction for board effectiveness, rather than simplistic explanations such as how many directors sit on the board.

2.5.3.2 External Board Processes

As discussed in section 1.2.1, board processes refer to the nature and quality of directors' internal and external interactions (Forbes and Milliken, 1999). With regards to external board processes, recent studies suggest that they are important antecedents of board effectiveness (Herman and Renz, 2008; Low and Cowton, 2004). For instance, Balser and McClusky (2005) argue that governance effectiveness is contingent on the board's ability to recognise its key stakeholders and foster relationships with them. Generally, the issue of communication and engagement with stakeholders has emerged as an important consideration for governance researchers (Herremans et al, 2016). Similar to Balser and McClusky (2005), a growing number of studies indicate that boards must adopt strategies that facilitate structured dialogue with key stakeholders if they are to be effective and organisational performance is to be maximised (Maak, 2007; Muthuri et al, 2009).

The growing stream of literature focusing on the external relationships of boards further highlights the importance of board processes as an antecedent of board effectiveness. Similar to studies on board dynamics, this avenue of research transcends traditional governance research that has been restricted to structural issues such as board independence (Finkelstein and Mooney, 2003). Although research on directors' external relationships and stakeholder engagement is still developing, results thus far indicate that

it has an important influence on board effectiveness (Herman and Renz, 2008; Herremans et al, 2016).

2.5.3.3 Limitations of Board Processes Research

Despite agreement in the contemporary governance literature that board processes are a more legitimate antecedent of board effectiveness than board structures, this stream of research still suffers from three significant limitations and therefore requires further development.

First, there has been an over-reliance on quantitative methods by researchers studying board processes and effectiveness (Cornforth, 2001; Bhardwaj and Vuyyuriburt, 2005; Zona and Zattoni, 2007; Payne et al, 2009; Minichilli et al, 2012). A minority of researchers have gained interview access to directors (Petri and Soublin, 2010; Finklestein and Mooney, 2003; Roberts, McNulty & Stiles, 2005) and an even smaller minority have managed to gain access to the boardroom itself to observe directors in action (Pugliese et al, 2015). Reliance on quantitative methods is understandable given the difficulty in gaining direct access to directors and, even more so, board meetings. However, Pande (2012) suggests that the quality of governance is a soft measure that cannot be measured by a 'tick in the box' approach that most of the studies have adopted. A study on board processes and effectiveness must take into account the quality of discussions and debate that takes place within the boardroom, and this is best achieved by speaking directly to board members (Pugliese et al, 2015).

Second, although it is commonly accepted that board processes are a key facilitator of board effectiveness, there is insufficient knowledge regarding how exactly different board processes influence a board's effectiveness (Cascio, 2004). To achieve this, researchers must analyse factors such as trust and social ties to establish how they influence board dynamics and board role performance (Finkelstein and Mooney, 2003; Forbes and Milliken, 1999). Of the few studies in this area, Zona and Zattoni (2007) find that the processes of cognitive conflict and effort norms have varying degrees of influence on different board roles. Van der Walt and Ingley (2008), on the other hand, find that board processes are not important in the board's ability to manage risk as part of the control role - and that human capital is more important. Nonetheless, further research is needed to provide a clearer picture of how exactly board processes contribute to effectiveness.

The third main limitation of this stream of research concerns the lack of diversity in the contexts of previous studies. Research in this area has predominantly concentrated on large, publicly listed, western companies (Sonnenfeld, 2002; Finklestein and Mooney, 2003; Van den Berghe and Levrau, 2004; Petri and Soublin, 2010). Van den Berghe and Levrau (2013) argue that various internal and external factors influence board effectiveness, and that the importance of context has been largely overlooked. Thus, future studies are encouraged to analyse board effectiveness in different organisational and geographic contexts. This is hoped to draw attention to how contextual factors influence board activity (Heracleous, 2001; Pye and Pettigrew, 2005; Petrovic, 2008). Moreover, documenting and explaining the diversity of governance systems across contexts and organisational settings may be useful in bringing together previously inconsistent findings (Gabrielsson and Huse, 2004).

In recent years, researchers have begun to analyse governance in previously unexplored contexts such as higher education (Greenhalgh, 2015) and tourism (Bramwell and Lane, 2011; Hall, 2011). Moreover, one of the most topical areas that researchers have begun to consider is the sport industry (Ferkins and Shilbury, 2015) and, in particular, governance within football (Hamil et al, 2010; Kennedy and Kennedy, 2012; Morrow, 2003). The next section of this chapter discusses the football context and justifies why it is a suitable area in which to develop research on board effectiveness.

2.6 Governance in Football

The football industry has experienced significant change in recent years (Welford et al, 2015). Increased commercialisation has created vast inequalities between football clubs in different leagues and countries. Consequently, the dominance of football clubs at the pinnacle of the game has been strengthened, while provincial clubs are finding it more difficult than ever to compete financially (Syzmanski, 2015). In the UK, relegation from the lucrative top tier in England is considered disastrous for clubs (Hamil and Walters, 2010; Millward, 2013) while in Scotland, relegation from the Premiership means a curtailment of broadcasting revenue that is already scarce (Morrow, 2006).

In an attempt to maintain their league position and therefore access to critical broadcasting income, many British football clubs have spent beyond their means (Adams et al, 2017; Ogbonna and Harris, 2014). As a result, financial collapses and governance failings have

persisted across the industry. Significant numbers of clubs have been placed in administration in England, and since 2000, 12 of Scotland's clubs have entered insolvency proceedings. This includes the particularly high-profile case of Rangers FC in 2012 (Morrow, 2015a). The large numbers of insolvency cases suggest that governance is an issue in the UK football industry. Indeed, in 2011 the then Sports Minister Hugh Robertson claimed, "If you look across sport, it is very clear to me that football is the worst governed sport in this country, without a shadow of a doubt" (Fitzpatrick, 2015: 307). Previous research supports this statement, with governance standards found to be lower in football clubs compared to companies in alternative industries (Dimitropoulos, 2011; Hamil et al, 2004; Miche and Oughton, 2005). Academic research focusing on the governance of football clubs at the organisational level is still limited. Of the few studies that have been carried out in this area, however, the majority focus on the role of supporters. The following section provides a review of this literature.

2.6.1 *Supporter Involvement in Governance*

Historically, most football clubs made little effort to involve supporters in governance (Cleland, 2010; Giulianotti, 2005). However, the introduction of Supporters Direct (SD) – a government funded organisation tasked with helping supporters gain influence in their clubs – in 2000 was the catalyst for a growing interest in supporter activism (Kennedy, 2012; Smith 2000). Initially, the core focus of SD was to assist supporters in setting up supporters' trusts. Supporters' trusts are democratic non-profit organisations that act as the vehicle for groups of supporters aiming to achieve ownership or influence in football clubs (Lomax, 2000). According to Garcia and Welford (2015), in 2014 there were 203 supporters' trusts in the UK, while 75 of them had a representative on their club's board of directors.

A number of studies suggest that supporter involvement in governance can deliver various benefits for football clubs. For instance, supporters' trusts are argued to enhance governance by improving levels of transparency and accountability, and by bringing clubs closer to their communities (Geeraert et al, 2013; Hamil and Morrow, 2011; Hamil et al, 2010; Watkins, 2000). Further, Hamil et al (2000) propose that granting supporters' trusts a shareholding or a seat on the board improves democratic processes that are beneficial for clubs. Crick (2000) argues that supporters can offer invaluable checks and balances if they can organise themselves appropriately and harness skills from within the fan-base.

Margalit (2008) suggests that supporters are the moral owners of their club, and therefore, their interests and voice should be protected. Further, the author proposes that it is necessary to do this if clubs are to be successful.

In contrast to the studies outlined above, others researchers propose that supporter involvement in governance can be problematic. For instance, researchers have indicated that the concept of supporter representation in decision-making is challenging to implement (Martin, 2007). It is argued that football supporters are a heterogeneous group with divergent views on what is best for the club (Brown 2007). Consequently, the notion that a small number of individual supporters can represent the interests of a wider fan-base is problematic (Garcia and Welford, 2015). Moreover, Morrow (2003) provides a critique of supporter representation on the board, suggesting that the notion of having one individual on the board to represent a wider fan-base contradicts the collective ethos of supporters' trusts. Concerns have also been raised over whether supporters have the capability to run football clubs. For instance, researchers have questioned whether supporters can make rational business decisions given their emotional attachment to clubs (Giulianotti, 2005; Watkins, 2000). Further, there are concerns over whether supporters are capable of providing finance to football clubs over an extended period (Adams and Armitage, 2002; Kennedy and Kennedy, 2007; Ward et al, 2012).

The studies discussed in this section offer contradictory accounts concerning whether supporter involvement in governance is beneficial for football clubs. In consideration of this incongruity, it appears that effective governance in football is dependent on more than just supporter involvement. To date, however, there have been limited attempts to explore the antecedents of board effectiveness in football clubs beyond this issue. With the prevalence of governance problems in the industry (particularly in Scotland), this represents a significant gap in the literature. Indeed, scarce research has explored governance in the Scottish football context, and thus, implementing a study that aims to examine the influence of board processes on the effectiveness of Scottish football club boards could provide valuable insights for theory and practice.

Although this study will focus on governance at the organisational level, it is important to note that the Scottish football industry is governed on two levels. First, at the organisational level, boards of directors of Scottish football clubs are responsible for shaping the strategic direction of their individual organisation.

In addition to organisational-level governance, however, there are two main governing bodies that regulate clubs at the inter-organisational-level. First, there is the Scottish Football Association (SFA), which is responsible for developing all levels of Scottish football (Scottish Football Association, 2017). Second, there is the Scottish Professional Football League (SPFL), which is a membership organisation composed only of the 42 clubs in the four senior leagues (Scottish Professional Football League, 2017). With regards to the legal structures of these 42 individual football clubs competing in the SPFL, the majority of them are privately owned companies, while three of them are publicly listed and three of them are community interest companies (CIC) (Supporters Direct, 2017).

2.7 Chapter Conclusion

This chapter has reviewed the literature on corporate governance, which focuses on two main issues: board roles and board effectiveness. There is consensus in the literature that any study on board effectiveness first requires a clear understanding of board roles (Huse, 2005; Minichilli et al, 2009; Nicholson and Kiel, 2007). The effectiveness of a board can only be examined in relation to the specific roles required of it. For instance, it would be wrong to examine the effectiveness of all boards by observing how successfully they performed a monitoring role, since this role is unimportant for many boards. Thus, given that board roles are individualised, it is necessary first to understand the specific roles that a board performs if its effectiveness is to be examined (Aguilera, 2005; Forbes and Milliken, 1999).

The literature shows that boards generally perform one or more of four main functions: control, service, strategy and resource co-optation (Aguilera, 2005; Huse & Rindova, 2001). However, the importance of each of these roles is contested by researchers. Further, the four aforementioned roles are guided by distinct theoretical perspectives that offer contrasting assumptions relating to the motivations of executives and the nature of organisations (Zahra and Pearce, 1989; Van den Heuvel, 2006). Empirical support for the theories is inconsistent, and thus, none of the theories in themselves can adequately convey the whole picture of what boards do (Stiles and Taylor, 2001). This has resulted in a call for a multi-theoretical approach to studying board roles (Daily et al, 2003; Aguilera et al, 2008). Moreover, researchers have commented that the contextual circumstances of an organisation have a meaningful impact on the role its board will

perform. Future research is thus advised to continue to explore board roles in new and developing contexts (Gabirelsson and Huse, 2002; Huse, 2000). This could provide further insights into the idiosyncratic nature of board roles, and may be useful in drawing together previously inconsistent findings. For instance, the sport context represents a developing area within governance research. To date, however, limited research has explored the role of sport boards. In order to develop understandings of how sport organisations can be successful, it is necessary to establish what functions they tend to perform.

With regards to board effectiveness and its antecedents, this literature review shows that researchers have traditionally focused too narrowly on structural aspects of the board such as board independence, board size, CEO duality and board diversity (Van den Berghe and Levrau, 2013). A developing stream of literature suggests that if a more robust understanding of board effectiveness is to be achieved, researchers must begin to focus on board processes such as director interaction, trust and conflict (Finkelstein and Mooney, 2003). Thus far, the studies that focus on board processes as antecedents have produced promising results (Zona and Zattoni, 2007). However, further research is needed to gain a stronger understanding of how different board processes influence board role performance and board dynamics, particularly through qualitative methods. Scottish football, given its problems with governance and unique business characteristics, represents a fitting context in which to develop this line of research. The next chapter of this thesis reviews the literature on social capital, which is the theoretical lens through which this study explores board effectiveness in Scottish football.

Chapter Three: Social Capital – Literature Review

3.1 Introduction

The previous chapter established that board structures (e.g. board size and independence) are not the primary antecedents of board effectiveness (Minichilli et al, 2009). In contrast, the contemporary governance literature points towards board processes as the fundamental predictor of board effectiveness (Finklestein and Mooney, 2003; Forbes and Milliken, 1999; Sonnenfeld, 2002). This research agenda has received increased attention in recent years, and the central thesis – that boards must work as an efficient social unit in order to be effective – is no longer in dispute (Minichilli et al, 2012; Petri and Soublin, 2010; Van den Berghe and Levrau, 2013). However, despite the development of this stream of literature, there is insufficient knowledge regarding how exactly board processes, such as trust, social ties and shared values, contribute to overall board effectiveness (Zona and Zattoni, 2007). In order to address this gap in the literature, it is pertinent for this research to identify a theoretical framework that can be used to explain the intricate nature of board activity.

Boards of directors generally have important internal functions (such as monitoring management) and external functions (such as co-opting resources) (Hillman et al, 2009). Consequently, Barroso-Castro et al (2015) claim that social capital, due to having both internal and external dimensions, is an appropriate theoretical framework to adopt in research on boards. Internal social capital is suggested to be essential if boards are to work together cohesively and make decisions efficiently (Fredette and Bradshaw, 2012). External social capital is argued to be important for boards in managing their relationships with stakeholders outside the organisation (Hillman et al, 2009). The argument that the board is active both internal and external to the organisation is widely supported in the literature (Daily, 1995; Huse and Rindova, 2001; Pfeffer and Salancik, 2003), and therefore, social capital theory is a suitable framework to underpin the present study on board effectiveness within Scottish football.

There are various different perspectives with regard to the meaning of social capital (Adler and Kwon, 2002). It is therefore appropriate to begin the second part of this study's literature review with a discussion of the different interpretations of social capital. Following this, this chapter identifies the precise definition of social capital selected to

guide the study, which is Nahapiet and Ghoshal's (1998) definition. An examination of the three dimensions of social capital is provided in sections 3.3 to 3.5. Previous research analysing the effects of social capital in a governance setting is then reviewed in section 3.6. The potentially negative consequences of social capital in organisations are considered in section 3.7, before the interrelation of social capital dimensions is discussed in section 3.8. Finally, section 3.9 summarises the gaps in research and identifies the research questions.

3.2 Defining Social Capital

The central proposition of social capital theory is that “networks of relationships constitute a valuable resource for the conduct of social affairs” (Nahapiet and Ghoshal, 1998: 252). Thus, social capital theory is ultimately concerned with relationships and the potential resources that can be accrued from them (Bourdieu, 1985; Coleman, 1988; Fukuyama, 1995). However, although there is agreement on the significance of relationships to the theory, there is a lack of consensus regarding the precise definition of the social capital concept.

Variations in the definition of social capital are generally dependent on whether the author focuses on: (1) the relations an actor maintains with other actors outside an organisation or in a broader network (external ties), (2) the relations among actors within a collective or group (internal ties), or (3) both types of linkages. Internal and external ties are commonly conceptualised as ‘bonding’ and ‘bridging’ social capital in the literature (Gittell and Vidal, 1998). Elaborating on this, Putman (2000) argues that bonding social capital occurs among homogenous populations and benefits only those with internal access. The features of this type of social capital include trust, solidarity, shared identity and social norms. Bridging social capital, on the other hand, is characterised by the connections that individuals have with external actors and the potential resources arising from those connections (Burt, 1992). Such relationships are generally lower in trust and shared identity. However, they can provide access to diverse resources and valuable information (Lee, 2009). As mentioned previously, how social capital is conceptualised is ultimately guided by whether the researcher is interested in bridging, bonding or both types of social capital. The various definitions of social capital that have emerged from the literature are summarised in Table 3.1. ‘External versus Internal’ in the left column

of Table 3.1 refers to whether the definition involves either the external or internal forms of social capital (or both).

Many of the phenomena studied in organisational research (e.g. team performance, board effectiveness and organisational performance) are influenced by bonding and bridging social capital simultaneously (Barroso-Castro et al, 2015; Stevenson and Radin, 2009). For example, at the organisational level, performance is influenced by both the external relations the company has with its business environment and by the cohesiveness of the working groups within it. Similarly, external and internal social capital are both proposed to be influential to the capabilities of the board of directors (Barroso-Castro et al, 2015; Kim and Canella, 2008). It is therefore appropriate for this research to adopt a conceptualisation of social capital that accommodates both internal and external linkages. This will ensure that the definition is compatible with the multifaceted nature of the board activity.

External versus Internal	Author(s)	Definitions of Social Capital
External	Baker	"a resource that actors derive from specific social structures and then use to pursue their interests; it is created by changes in the relationship among actors" (1990: 619).
	Belliveau et al.	"an individual's personal network and elite institutional affiliations" (1996: 1572).
	Bourdieu	"the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition" (1985: 248).
	Boxman et al.	"the number of people who can be expected to provide support and the resources those people have at their disposal" (1991: 52).
	Burt	"friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital" (1992: 9).
	Knoke	"the process by which social actors create and mobilize their network connections within and between organizations to gain access to other social actors' resources" (1999: 18).
	Portes	"the ability of actors to secure benefits by virtue of membership in social networks or other social structures" (1998: 6).
Internal	Brehm & Rahn	"the web of cooperative relationships between citizens that facilitate resolution of collective action problems" (1997: 999).
	Coleman	"Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure" (1990: 302).
	Fukuyama	"the ability of people to work together for common purposes in groups and organizations" (1995: 10).
	Inglehart	"a culture of trust and tolerance, in which extensive networks of voluntary associations emerge" (1997: 188).
	Putman	"features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit" (1995: 67).
	Thomas	"those voluntary means and processes developed within civil society which promote development for the collective whole" (1996: 11).
Both	Loury	"naturally occurring social relationships among persons which promote or assist the acquisition of skills and traits valued in the marketplace... an asset which may be as significant as financial bequests in accounting for the maintenance of inequality in our society" (1992: 100).
	Nahapiet & Ghoshal	"the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network" (1998: 243).
	Pennar	"the web of social relationships that influences individual behavior and thereby affects economic growth" (1997: 154).
	Schiff	"the set of elements of the social structure that affects relations among people and are inputs or arguments of the production and/or utility function" (1992: 160).
	Adler & Kwon	"the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence and solidarity it makes available to the actor" (2002: 23).

Table 3.1: Definitions of Social Capital. *Source:* Adler and Kwon (2002: 20).

A prominent definition that acknowledges the internal and external facets of social capital is provided by Nahapiet and Ghoshal (1998: 243). In their paper assessing the extent to which social capital provides an organisational advantage, they define the concept as:

"The sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network".

The authors further divide social capital into three dimensions: structural, relational and cognitive. Structural social capital (SSC) refers to network ties and basic connections to other individuals or organisations. Relational social capital (RSC) commonly refers to the strength of relationships (i.e. trust and respect). Cognitive social capital (CSC) encapsulates shared visions, values and beliefs. This dimension is so-called because it refers to how cognitive elements of the mind, such as shared values, predispose people towards specific actions (Nahapiet and Ghoshal, 1998).

Reference to resources that are “embedded within” and “available through” networks of relationships indicates that Nahapiet and Ghoshal’s (1998: 243) definition incorporates both the internal and external forms of social capital. As discussed, this kind of definition of social capital is well suited to the present study due to boards having internal and external functions (Barroso-Castro et al, 2015; Bolino et al, 2002). Further, reference to relationships possessed by an “individual or social unit” also fits with this research. Whereas other definitions of social capital tend to focus on the relationships of individuals (Bourdieu, 1985; Coleman 1988), Nahapiet and Ghoshal’s (1998) model is appropriate in situations where social capital exists at multiple levels. This is relevant to the present study, where the social capital of individual directors is important for board effectiveness, as is the social capital of the board as a collective social unit (Fredette and Bradshaw, 2012).

In addition, Nahapiet and Ghoshal’s (1998) definition of social capital is appropriate for this study because it incorporates a cognitive dimension. The majority of other social capital definitions, on the other hand, tend to neglect the cognitive dimension (Bourdieu, 1985; Coleman 1988; Putman, 1995). Previous research shows that features of the cognitive dimension (such as shared values) are important for how boards function

(Bolino et al, 2002; Inkpen and Tsang, 2005). Consequently, Nahapiet and Ghoshal's (1998) definition is well suited to the present research. Furthermore, the authors' three-dimensional model of social capital has been extensively applied to organisational research, and is widely considered an effective lens through which to analyse relationships within organisations (Adler and Kwon, 2002; Inkpen and Tsang, 2005; Lee, 2009). The following sections review the individual dimensions of social capital proposed by Nahapiet and Ghoshal (1998), and discuss how they have been applied to organisational research.

3.3 The Structural Dimension of Social Capital

The structural dimension of social capital (SSC) concerns the network ties held by an actor, and the configuration of the network itself (Lee, 2009; Putman, 1993). One of the central propositions of social capital theory is that network ties constitute channels of information that provide benefits to actors. Social relations, although often created for different purposes, thus represent opportunities to reduce the amount of time and effort required to gather information (Adler and Kwon, 2002). Of the three dimensions, SSC has attracted the most research. In particular, the structural characteristics of network size, tie strength, and structural holes have been studied extensively in organisational settings (Lee, 2009; Zheng, 2010).

Generally, the literature suggests that larger networks, strong ties and limited structural holes improve various organisational outcomes such as innovation and financial performance (Adler and Kwon, 2002; Cuevas-Rodriguez et al, 2014; Granovetter, 1973; Moran, 2005; Zheng, 2010). For example, Batjargal (2007) conducted an ethnographic study investigating the experiences of Chinese high-tech entrepreneurs' start-ups. Those entrepreneurs that existed in social networks with a higher proportion of structural holes – meaning gaps in a network between two actors possessing complementary information (Burt, 1992) – were found to be less likely to succeed financially. Similarly, Burt (1997) found that an effective method of acquiring valuable information is using non-redundant contacts to fill structural holes. In the non-profit sector, studies show that organisations composed of volunteers with significant SSC can benefit from that social capital to recruit more volunteers (Jackson et al, 1995; Jones, 2006; Paik and Navarre-Jackson, 2011; Wilson and Musick, 1997). Further, research indicates that SSC enhances an

organisation's ability to access finance and investment (Batjargal and Liu, 2004; Guiso et al, 2004; Shane and Cable, 2002; Uzzi, 1999).

The literature also suggests that the characteristics of SSC – network size, tie strength and structural holes – are meaningfully interrelated. For example, research shows that the number of structural holes increase in larger networks (Zheng, 2010). Organisations in industries that depend on collaboration between firms must therefore monitor their network configuration closely to ensure they have access to advantageous information (Ahuja, 2000). Obsfeld (2005) argues that organisations with large networks in such industries will benefit if their network is composed of similar organisations. Similar organisations tend to integrate more, which subsequently mediates the detrimental impact of structural holes (Roden and Galunic, 2004). The most efficient configuration of an organisation's SSC thus appears to be influenced by contextual factors, such as the collaborative nature of its industry. Research also shows that network size and tie strength are significantly interrelated. Larger networks tend to diminish tie strength, as organisations with extensive contacts have fewer resources to invest in each relationship (McFadyen and Cannella, 2004; Smith et al, 2005). Far less studies has explored the interrelation between structural holes and tie strength. Liu (2015), however, argues that structural holes moderate the productivity of strong ties in the academic context.

The literature thus suggests that SSC can be a useful resource for organisations. Studies show that the structural characteristics of larger networks, strong ties and limited structural holes all facilitate organisational outcomes (Adler and Kwon, 2002; Cuevas-Rodriguez et al, 2014; Granovetter, 1973; Moran, 2005; Zheng, 2010). Further, the literature indicates that the different elements of SSC are interrelated, and depending on how they interact with each other, can accumulate even greater benefits for organisations (Obsfeld, 2005; Zheng, 2010).

3.4 The Relational Dimension of Social Capital

Relational social capital (RSC) refers to the quality of social relations and includes concepts such as trust, respect or friendliness (Nahapiet and Ghoshal, 1998). This form of social capital facilitates information sharing between actors within a collective. Thus, while SSC creates the opportunity to transmit information between actors, RSC determines whether actors want to share, or feel comfortable sharing, information with

others (Clopton, 2011). RSC is suggested to benefit organisations by encouraging information exchange, reducing the amount of time spent searching for information and allowing information to be passed in less formal environments (Adler and Kwon, 2002; Lee, 2009).

Trust is the most researched aspect of RSC, and can be broadly defined as the “perceived reliability of an actor’s fairness and predictability of behaviour for encouraging an open environment” (Lee, 2009: 256). Trust has been shown to enhance organisational confidence and loyalty among employees (Cohen and Fields, 1999; Lee, 2009), and improve performance during times of market uncertainty (Dyer and Singh, 1998). Furthermore, Tsai and Ghoshal (1998) argue that organisations characterised by inward-looking cohesive relationships promote higher levels of mutual exchange. Yli-Renko et al (2001) surveyed 180 high-tech ventures based in the UK. Their findings suggest that social interaction and higher levels of trustworthiness are strongly linked to knowledge sharing and organisational effectiveness. Moreover, Watson and Papamarcos (2002) demonstrate that employee trust in the management team is an important factor in determining how committed they will be to the organisation. Thus, they argue that social capital can have a positive influence on organisations through a reduction in staff turnover. Uzzi (1996) finds that cohesive networks facilitate trustworthy exchanges and their organisation’s chances of survival subsequently increase. Previous research therefore illustrates that a high-level of trust within an organisation between employees and managers facilitates a variety of organisational outcomes, including information exchange, financial performance and commitment (Lee, 2009; Roberts et al, 2005; Watson and Papamarcos, 2002; Uzzi, 1996).

3.5 The Cognitive Dimension of Social Capital

Cognitive social capital (CSC) refers to cognitive elements of the mind that facilitate communication between actors. This includes shared values, norms, visions and beliefs (Chiu et al, 2006; Nahapiet and Ghoshal, 1998). The cognitive dimension has generally received the least attention from social capital researchers (Lee, 2009). Indeed, many of the dominant perspectives on social capital do not acknowledge an independent cognitive dimension (Bourdieu, 1985; Coleman, 1988; Putman, 1993).

Existing research that does acknowledge this dimension nonetheless suggests that features of CSC (namely shared visions and values) facilitate inter-organisational communication (Nahapiet and Ghoshal, 1998; Walsh, 1995). In turn, efficient communication creates synergy that can lead to competitive advantage. The competitive advantage CSC provides has been observed in the context of entrepreneurship (Garcia-Morales et al, 2006), virtual communities (Chiu et al, 2006) and research and development (Westerlund and Svahn, 2008). Shared language between actors (another key feature of CSC) has been the most commonly studied facet of CSC. Task-based language is argued to be an antecedent for team cohesion and efficient information flow (Edelman et al, 2004; Newell et al, 2004). Moreover, research shows that predictable language leads to increased reciprocal exchanges (Walther and Bunz, 2005). Further studies show that shared visions and goals among actors within an organisation correlates strongly with organisational performance (Inkpen and Tsang, 2005; Krause et al, 2007; Parra-Requena et al, 2010; Tsai and Ghoshal, 1998). Thus, the literature generally supports the notion that CSC has a range of benefits for organisations.

3.6 Social Capital in Governance Research

The studies reviewed in the previous sections assess social capital in relation to organisations in general. However, with the growth in popularity of social capital theory, researchers have continued to apply the concept to more focused contexts (Kwon and Adler, 2014). This includes the board of directors (Fredette and Bradshaw, 2012; Kim and Cannella, 2008). Generally, studies in this area, similar to those reviewed above, propose that high levels of social capital among boards of directors improves performance. In turn, this facilitates organisational performance (Lee, 2009).

In terms of SSC, Kor and Sundaramurthy (2008) used a sample of high-tech firms to test the extent to which directors' network ties affect firm growth. Their findings show that organisations experience increased growth when they have directors that hold memberships on multiple boards. Primarily, this is due to the organisation receiving access to a wide range of financial and human resources. Further, SSC in the form of network size and centrality is found to be beneficial for boards in their task of stakeholder engagement (Maak, 2007; Muthuri et al, 2009). In similar studies relating to the relational dimension, findings show that if stakeholder engagement is to be carried out successfully

by boards, they must work to establish trust with all of the stakeholders concerned (Lawrence, 2002; Seow et al, 2006; Swift, 2001).

Westphal (1999) carried out a study to assess the influence of RSC between CEOs and board members on organisational performance. The results show that CEOs with high expectations for advice and counsel interactions with directors were more successful. Another study evaluates the role of social capital in the selection of new directors. Results show that individuals with access to diverse networks were more likely to be hired, and provide a greater service to the organisation thereafter (Kim and Cannella, 2008). Stevenson and Radin (2009) conducted an alternative study that investigated the impact of social capital on the influence of directors at board meetings. The findings show that those directors who maintain strong ties with other directors and meet with them outside the boardroom environment hold a greater influence in decision-making.

Although social capital theory has been increasingly applied in governance research, specific application to the concept of board effectiveness has been limited. This includes a study carried out by Fredette and Bradshaw (2012) on the effects of social capital on non-profit governance effectiveness. Using data collected from a sample of 234 organisations, their results indicate that social capital is positively related to perceived board effectiveness. A multi-dimensional measure of board effectiveness was used in which respondents filled out a scale-based survey on the degree to which they believe their board fulfils key governance functions. Moreover, Kim and Cannella (2008) found that RSC in the form of trust is positively associated with perceived board effectiveness. As discussed in the previous chapter, the notion that efficient board processes are important for board effectiveness is no longer in dispute (Minichilli et al, 2012; Petri and Soubelin, 2010; Van den Berghe and Levrau, 2013). In line with this viewpoint, a small number of studies discussed here show that aspects of social capital are positively related to board effectiveness (Fredette and Bradshaw, 2012; Kim and Cannella, 2008). However, there is insufficient knowledge concerning the process of how exactly social capital influences board effectiveness. Further research is thus needed to explore how this process unfolds more rigorously.

All of the studies discussed thus far, rooted in the field of business management, indicate that social capital is a positive resource that yields a competitive advantage for organisations. Despite this, there is a growing stream of research suggesting that social

capital is not as auspicious as much of the current literature supposes. The next section of this chapter will introduce the literature that focuses on the negative effects of social capital.

3.7 The Negative Effects of Social Capital

As the previous sections of this chapter show, the mainstream literature generally perceives social capital to be a positive resource for organisations, groups and individuals (Adler and Kwon, 2002; Zheng, 2010). Despite that, an alternative stream of literature has grown in recent years that suggests that social capital can have a negative influence on organisational processes and outcomes. In their review of the negative effects of social capital, Pillai et al (2015: 98) identify four main detrimental effects that encompass the findings of previous research in this area. These include: “(1) dilution of the dialectical process; (2) inhibition of individual learning; (3) groupthink; (4) postponement of structural adjustments”. Each of these effects are now discussed in turn.

‘Dilution of the dialectical process’ refers to situations in which social capital acts as a constraint to individuals by imparting order and structure to the distribution of beliefs (Cornelissen et al, 2007). Knowledge-based organisational theories (e.g. Nonaka and Takeuchi, 1995; Spender, 1996) propose that knowledge creation is a dynamic and dialectical process that occurs when conflicting ideas are discussed and debated. Thus, social capital (primarily CSC) constrains this process by encouraging actors to conform to pre-established belief systems. Empirical research in this area, although limited, supports the broad proposition relating to the dilution of the dialectical process (Ibarra et al, 2005; Jonas et al, 2001; Nahapiet and Ghoshal, 1998).

‘Inhibition of individual learning within organisations’ concerns situations in which actors become deeply embedded within the social networks of their existing organisation or group. Consequently, the extent to which these actors are exposed to new information diminishes, therefore reducing learning opportunities (Elkjaer, 2003; Richter, 1998). Nicolini and Mezner’s (1995) research supports this claim, showing that actors positioned on the periphery of an organisation may learn quicker than those at the core. Actors on the periphery are less rigorously embedded into the collective knowledge and belief system, and thus, they are more likely to be receptive to learning processes and ideas from divergent communities (DeFillipi and Ornstein, 2003; Portes and Vickstrom, 2011).

‘Groupthink’ can be understood as “a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members’ striving for unanimity overrides their motivation to realistically appraise alternative courses of action” (Janis, 1972: 9). Previous research demonstrates that groupthink, which is widely viewed as an extension of RSC (Pillai et al, 2015; Scharff, 2005), is detrimental to organisational functions such as strategic decision-making and competitor recognition (Peteraf and Shanley, 1997; Reger and Huff, 1993). Researchers have also suggested that groupthink played a role in political decisions such as the Bay of Pigs invasion and the Vietnam War (Janis, 1972; Pillai et al, 2015).

‘Postponement of structural adjustments’ refers to the impeding effect that social capital has on the ability of organisations to implement structural changes (Pillai et al, 2015). Major changes to organisational structures are likely to provoke anxiety and resistance from employees and managers (Olson and Terpstra, 1992). Research shows that this resistance is due to their social identities (which is an extension of RSC) being challenged by such changes (Ashforth and Mael, 1989; Scheepers and Ellemers, 2005). Thus, organisational changes that are potentially beneficial to the organisation are thwarted by employees or managers who perceive them to undermine their identities that are contingent on, or in some way influenced by, current organisational structures (Hodgkinson and Healey, 2014).

The literature discussed in this section represents a growing stream of literature arguing that social capital is not necessarily a beneficial resource for organisations. Through dilution of the dialectical knowledge creation process, inhibition of individual learning, groupthink and postponement of structural changes, there is potential for social capital to hinder organisational functions and ultimately performance (Pillai et al, 2015).

3.8 Interrelation of Social Capital Dimensions

Thus far, this chapter has discussed the meaning of social capital, its three dimensions, and the influence it has on organisations. Generally, the literature suggests that the three social capital dimensions are beneficial in relation to a wide range of organisational processes and outcomes (Lee, 2009). Nevertheless, this is caveated by an alternative body of research that proposes social capital is not always productive for organisations (Pillai et al, 2015). What both of these streams of literature have in common, though, is that they

predominantly analyse the effects of each of the social capital dimensions in isolation (Lee, 2009; Zheng, 2010). However, Nahapiet and Ghoshal (1998), the original theorists of the three-dimensional model, propose that the dimensions are interrelated in meaningful and complex ways. Thus, exploring the interrelation was highlighted as an important avenue for future research by the authors. To date, however, limited research has answered their call and there is a dearth of knowledge concerning the interplay between the dimensions.

Of the few studies that have explored the interrelation between social capital dimensions, results have been inconsistent (Al-Tabbaa and Ankrah, 2016). Researchers analysing the interaction generally take SSC as the starting point for the development of other forms of social capital (Jonsson, 2014; Liao and Welsch, 2005). Without network connectivity, the opportunity to build CSC and RSC does not exist (Jonsson, 2014). Nevertheless, the process of how the dimensions interact after a structural relationship has been established is less clear.

Tsai and Ghoshal (1998) show that a common vision (CSC) leads to the development of trust (RSC) between employees from different business units in a large multi-national electronics company. Similarly, Roden and Lawson (2014) find that CSC facilitates RSC in the context of buyer-supplier relationships. A contrasting study conducted by Bstieler et al (2015), however, suggests that SSC plays a strong role in influencing RSC, while CSC only moderates the relationship. The authors illustrate this in the context of university-industry collaborations in which shared governance systems (SSC) promoted trust (RSC), with cognitive attributes such as resilience acting as mediators. Moreover, Zheng (2010) proposes a mutually reinforcing relationship between SSC and RSC, and CSC and RSC. Generally, minimal research shows a relationship between the structural and cognitive dimensions. This is limited to Jonsson (2014), whose study on six fashion start-up firms shows that weak ties can grow into strong ties if actors have a common vision and mutual values. In addition, Muniady et al (2015) finds that shared interpretation and values leads to improved network configurations, which subsequently leads to enhanced micro-enterprise performance.

The previous research discussed here highlights considerable variation in how the social capital dimensions are theorised to interact. Consequently, researchers have begun to consider not only how they interact, but also why they interact in different ways. For

example, in an attempt to explain why previous research is inconsistent, Al-Tabbaa and Ankrah (2016) propose that the process of how social capital dimensions interact varies over time. Their findings support their proposition, and therefore offer a possible explanation to the incongruity of previous studies. Nevertheless, further research is needed to explore other factors that affect the interaction process. For instance, little is known about how environmental and contextual factors influence the nature of the interplay between social capital dimensions (Al-Tabbaa and Ankrah, 2016). This represents a key gap in the social capital literature.

3.9 Research Gaps and Research Questions

Chapters two and three of this thesis have highlighted gaps in the corporate governance and social capital literatures. The identified gaps in the literature form the basis for the research questions that guide the data collection process. Moreover, the research questions mirror the research objectives set out in section 1.5. The relevant gaps in the literature are now summarised, and the subsequent research questions are stated.

Section 2.4 established that board roles are not standardised, and can vary widely between industries and organisations (Fiegener et al, 2000; Gabirelsson and Huse, 2002). Thus, research suggests that board roles are dependent on various contextual factors such as the size of the business, the stage of the business life cycle it has reached, the industry in which it is positioned, and the nature of its strategy (Aguilera, 2005; Christopher, 2010; Lawler et al, 2002). Nevertheless, although the literature acknowledges that board roles can be individualised, trends exist across contexts relating to the function of boards. For instance, given the separation of ownership and control in public companies, the control role is prevalent in this setting (Rosenstein and Wyatt, 1990). Conversely, the service role, as opposed to the control role, is argued to be more important for SME boards due to concentration of ownership (Van den Heuvel, 2006). A developing area of governance research relates to sport organisations (Ferkins and Shilbury, 2015). To date, however, limited research has explored board roles in the sport context. If researchers are to improve understandings of how sport boards are to be successful, it is necessary to establish what functions they perform. Further, if this research is to establish how social capital influences board effectiveness in Scottish football, it is important first to establish the roles of the board. The following research question is therefore proposed:

Research Question 1: What is the role of the board within Scottish football clubs?

The second research gap relates to how social capital influences board effectiveness. Section 2.10 discussed how traditional corporate governance research has focused on board structures (e.g. board independence and size) in an attempt to understand the antecedents of board effectiveness. The empirical literature, however, shows that this approach is too simplistic (Finkelstein and Mooney, 2003; Minichilli et al, 2012). Contemporary research now points towards board processes – meaning the nature and quality of directors’ social interactions (either internal or external) – as the primary antecedent of board effectiveness (Zona and Zattoni, 2007). However, the process of how different kinds of board processes influence board effectiveness remains unclear. The present study proposes to address this gap in the literature by applying Nahapiet and Ghoshal’s (1998) three-dimensional conceptualisation of social capital to Scottish football club boards. This framework is considered appropriate because it focuses on directors’ relationships and posits that social capital has internal and external facets, which mirrors the internal and external functions of boards. Further, Nahapiet and Ghoshal’s (1998) definition is widely considered a useful lens through which to analyse organisational dynamics due to the inclusion of a cognitive dimension (Bolino et al, 2002; Inkpen and Tsang, 2005). Forbes and Milliken’s (1999) conceptualisation of board effectiveness is argued to be the most appropriate definition for this study. They identify two board-level components of board effectiveness: board task performance, and board dynamics. Thus, the following research questions are proposed:

Research Question 2: How do the three dimensions of social capital influence board task performance?

Research Question 3: How do the three dimensions of social capital influence board dynamics?

Another key research gap concerns the lack of knowledge regarding the interrelation of social capital dimensions. Kwon and Adler (2014) argue that social capital has matured as a concept, and that opportunities to develop its core principles no longer exist. Lee (2009) supports this view, claiming that social capital theory’s central tenet – that social ties can be efficacious in providing information, influence and solidarity – is no longer in dispute. Moreover, despite an increasing awareness of the potentially negative effects of

social capital, the argument that social capital provides organisations with a competitive advantage is widely considered a rigorous one (Barroso-Castro et al, 2015). Nevertheless, Kwon and Adler (2014) argue that researchers can still contribute to the theory by expanding on specific parts and mechanisms of social capital. For instance, section 3.8 discussed how there is insufficient knowledge regarding the interrelation of social capital dimensions. Developing knowledge regarding the process of how the dimensions interact is predicted to lead to a more robust understanding of how social capital influences organisational outcomes (Lee, 2009). In consideration of this gap, the following research question is proposed:

Research Question 4: How do the three dimensions of social capital interact, before eventually influencing board effectiveness?

3.10 Chapter Conclusion

This chapter has discussed the theoretical underpinning of the present study. The chapter began by introducing Nahapiet and Ghoshal's (1998) theory of social capital, which is considered an appropriate framework to apply to research on boards due to having internal and external dimensions that mirror the function of boards (Barroso-Castro et al, 2015). Further, this definition of social capital is appropriate because it acknowledges a cognitive dimension, and perceives social capital to exist on multiple levels (Bolino et al, 2002; Inkpen and Tsang, 2005).

Previous research on social capital generally suggests that it is a productive resource for organisations. For example, studies show that it facilitates innovation (Moran, 2005), inter-organisational communication (Walther and Bunz, 2005) and resource acquisition (Shane and Cable, 2002; Uzzi, 1999). Further, there is a small literature that shows that social capital facilitates governance through director selection (Kim and Cannella, 2008) and enhanced stakeholder engagement (Maak, 2007; Muthuri et al, 2009). Despite this, an alternative stream of research exists that argues social capital is not necessarily beneficial, and that it can be detrimental to learning processes and organisational change (Scheepers and Ellemers, 2005; Spender, 1996). Despite those studies, however, the proposition that social capital provides organisations with benefits is widely considered a rigorous one in the literature (Kwon and Adler, 2014; Lee, 2009).

This chapter discussed how social capital theory could be usefully developed by examining the interrelation of its three dimensions. Previous research has so far delivered inconsistent results in this area (Al-Tabbaa and Ankrah, 2016), and thus, future research is encouraged to further explore how the dimensions interact, and what causes them to interact in the way that they do. Section 3.9 summarised the research gaps discussed in chapter two and three, and identified the subsequent research questions. The following chapter describes the methods used to address the research questions and achieve the study's aim and objectives.

Chapter Four: Methodology

4.1 Introduction

This chapter describes the methods employed to achieve the research aim and objectives. The chapter begins by recapping the aim and objectives, before discussing the research paradigm and philosophical stance of the research. The case study research strategy is examined next, and a rationale for adopting this approach in the present study is provided. The data collection and analysis techniques are then described. Finally, this chapter considers the ethical issues associated with the study.

4.2 Aim and Objectives

Aim: To investigate how social capital influences board effectiveness within the Scottish football context.

Objectives:

1. To identify the role of the board in Scottish football clubs.
2. To establish how social capital influences board role performance.
3. To establish how social capital influences board dynamics.
4. To identify how the three dimensions of social capital interact.
5. To extend Nahapiet and Ghoshal's (1998) three-dimensional theory of social capital.

4.3 Research Paradigm

Within management and business research, a variety of philosophical perspectives, referred to as paradigms, underpin the researcher's approach to knowledge creation (Corbin and Strauss, 2014). Bryman and Bell (2015: 35) define a paradigm as:

“A cluster of beliefs and dictates which, for scientists in a particular discipline, influence what should be studied, how research should be done and how results should be interpreted”.

Research paradigms are composed of three elements: ontology, epistemology and methodology (Patton, 1990). Ontology refers to reality, and the philosophical study of existence and being (Denzin and Lincoln, 2000). Epistemology concerns knowledge itself, and determining the kinds of knowledge that can be considered legitimate (Bryman and Bell, 2015). Methodology refers to the techniques used by the researcher to discover reality (Corbin and Strauss, 2014). The ontological and epistemological assumptions of a study are interdependent. Moreover, these assumptions have important implications for the choice of methodology (Easterby-Smith et al, 2002). Consequently, it is important to consider the philosophical stance of a study to avoid inconsistencies in how the research is conducted. The concepts of ontology and epistemology are now discussed in turn.

4.3.1 *Ontology*

The nature of any research project is shaped, either implicitly or explicitly, by the researcher's beliefs regarding what is 'real' and how it can be investigated (Bryman and Bell, 2015). Ontology is the term used to refer to the issue of reality, and the way people perceive reality. Ontology is an important consideration for researchers because it acts as a basis for knowledge (Easterby-Smith et al, 2002). There are two main branches of ontology, known as objectivism and constructionism (Denzin and Lincoln, 2000).

Objectivism is an ontological position that views social phenomena as external facts that are beyond the reach and influence of social actors (Crotty, 1998). Thus, objectivism supposes that an objective reality exists, and that this reality can be better understood by accumulating more information (King and Brooks, 2017). In contrast, constructionism (or subjectivism) asserts that reality is internally constructed. This means that social actors individually and collectively apply meaning to their experiences, and that a single objective reality does not exist (Easterby-Smith et al, 2002). The acceptance of either of these distinct ontological perspectives has consequences for the direction of a research project. For instance, if a research question implies that organisations or cultures are objective social entities, the research data must be presented in a way that is not contradictory to the research question's ontological assumption. Bryman and Bell (2015) suggest that failing to avoid inconsistencies between the philosophical and methodological assumptions of a study undermines the overall value of the research. Thus, it is important for researchers to remain aware of the ontological position of their work and to achieve coherence.

Objectivism and constructionism are commonly considered the two main ontological perspectives in business research. However, Burrell and Morgan (2017) posit that the distinction between objectivism and constructionism is too simplistic, and that researchers can adopt a stance that lies between these two extremes. Depending on where a researcher is positioned on the objectivist and constructionist continuum, there will be important implications for their epistemological assumptions too.

In consideration of the ontological debate, this research adheres to the constructionist assumption that the social world and external reality exists as subjective constructions. This is consistent with the aim of the thesis, which focuses on understanding social phenomena from the perspective of individuals (Bryman and Bell, 2015).

4.3.2 *Epistemology*

Epistemology, which refers to the question of what can be considered acceptable knowledge, is another key philosophical issue for researchers (Bryman and Bell, 2015). Hatch and Cunliffe (2006) describe epistemology as ‘knowing what is possible to know’. Further, they suggest that epistemology is concerned with how knowledge is produced, how reality should be explained or illustrated, and what the distinguishing factors are between reliable and unreliable information (Nagel, 2014). A central epistemological issue in business research is whether the social world can and should be studied in the same way as the natural world (Bryman and Bell, 2015). There are two dominant perspectives on this matter, and each has a contrasting view regarding what constitutes acceptable knowledge, and how knowledge is attained. First, there is positivism, which is based on an objectivist ontology. Second, there is interpretivism, which is rooted in a constructionist ontology. These divergent perspectives are now discussed in turn.

Positivism rests on the ontological assumption that there is a single, external social reality. Further, this perspective denotes that the methods used in the natural sciences should also be applied to studies focusing on the social world (Lincoln and Guba, 1985). Bryman and Bell (2015: 28) outline five key principles of positivism:

- Knowledge can only be considered genuine if it is confirmed by the senses.
- The role of theory is to generate hypotheses that can be tested and that will allow explanations of laws to be assessed.

- Knowledge is arrived at by gathering facts that provide the basis for laws.
- Science must (and can) be conducted in a way that is value-free and objective.
- There is a clear distinction between scientific statements and normative statements, and the former are the true domain of scientists.

Given that positivism considers knowledge legitimate only if it is empirical or logical, this perspective focuses on facts, and therefore, concepts such as human feelings and value judgements are argued to hinder the research process (Blumberg et al, 2011). To positivists, the nature of human behaviour must be examined and objectified from a detached position (Frankfort-Nachmias, 1996). The positivist approach, however, is criticised by researchers who argue that the natural world and social world are fundamentally different (Bryman and Bell, 2015; Chia, 2002). For example, Burns and Burns (2008) suggest that the positivist approach cannot be easily applied to studies on human behaviour due to the ability of humans to seek purpose and meaning in others' actions, and to think and reflect on their own behaviour. This implies that social science is more intricate in comparison to studies focusing on static objects, as is the norm in the physical sciences (Denzin and Lincoln, 2000). Consequently, many researchers propose that the social sciences should not be investigated under the same epistemological assumptions as the natural sciences (Guba and Lincoln, 1994; Miles and Huberman, 1994).

Interpretivism lies at the opposite end of the epistemological continuum to positivism, and focuses on *understanding* human behaviour rather than *explaining* it (as is the focus in positivist research). Rooted in the traditions of anti-positivism, interpretivism posits that science cannot generate objective knowledge (Burrell and Morgan, 2017). Interpretivism advocates that social reality is relative, and therefore, it can only be understood from an individual perspective. Further, interpretivism rejects the notion that researchers are observers, instead arguing that they are intrinsically linked to the phenomena under investigation (Burns and Burns, 2008). Thus, the aim within the interpretive paradigm is to understand the social world through subjective experience.

Critical realism constitutes another dominant philosophical paradigm that lies between the positivist and interpretivist perspectives (Collier, 1994). This paradigm, similar to positivism, suggests that research on the social and natural sciences should be approached

in the same way (Bhaskar, 2013). Further, both positivism and critical realism posit that there is a single external reality. However, whereas positivists propose that the researcher's view of reality directly reflects that reality, critical realists suggest that the researcher's view is simply one way of perceiving that reality (Bryman and Bell, 2015). Thus, although both positivists and critical realists have similar ontological assumptions, the latter proposes that reality cannot be easily understood. Critical realists therefore believe that researchers do not possess the means of reaching reality.

4.3.3 *Philosophical Stance of this Research: Interpretivism*

The previous sections of this chapter have discussed research philosophy, and the importance of acknowledging the philosophical assumptions underpinning social research has been highlighted. Such assumptions guide the formation of research questions and inform the choice of methodology (Burns and Burns, 2008). Thus, it is important for researchers to recognise their philosophical stance if they are to deliver coherent and consistent contributions. Failing to achieve philosophical and methodological consistency can undermine the value of a study (Bryman and Bell, 2015). In consideration of the various philosophical approaches discussed in this chapter, an interpretative/constructionist perspective is selected as the most appropriate paradigm to underpin this study.

Primarily, interpretivism is considered appropriate for this study due to the nature of the research aim. The purpose of the present study is to examine how social capital influences board effectiveness within the Scottish football context. Therefore, this research intends to *understand* the process of how a social phenomenon happens, rather than simply predict whether it happens. This study places an emphasis on exploring and illuminating how different board processes relate to each other from the perspective of different actors. This complements the interpretivist assumption that knowledge is gained by identifying the meaning that individuals attach to actions (Burrell and Morgan, 2017). Thus, this research goes beyond the practice of determining cause and effect, which is the essence of positivism (Guba and Lincoln, 1994). Further, this study is suited to the interpretivist paradigm's constructionist ontology due to its focus on the subjective experiences of individual social actors.

This study adds to a growing trend in the corporate governance field of researchers adopting an interpretivist perspective. This approach is suggested to provide depth of understanding and contribute to theory development by considering human and social aspects of the board of directors (Brundin and Nordqvist, 2008; Pugliese et al, 2015). This is in contrast to traditional research on board effectiveness, which has largely adopted a positivist approach and focused on measuring structural features of the board such as its composition, size and CEO duality (Weir and Laing, 2001; Wan and Ong, 2005; Erickson et al, 2005; Linck et al, 2008). The following sections describe the methodological design of the present study.

4.4 Methodological Approach

Given that this study aims to explore how social capital influences board effectiveness, rather than test constructed hypotheses, this research is said to be adopting an inductive approach (Bryman and Bell, 2015). This is consistent with the interpretative stance adhered to by the researcher, which is commonly considered an inductive paradigm (Burrell and Morgan, 2017; Saunders et al, 2012). Induction involves developing theory through a process of observation in which conclusions are induced from particular situations (Collis and Hussey, 2009). In contrast, positivists generally adopt the deductive approach of developing theory and hypotheses first, before testing them via an appropriate research design (Saunders et al, 2012).

Not all methodological approaches are suitable for the present study (Collis and Hussey, 2009; Remenyi et al, 1998). Indeed, only certain methodologies will complement the interpretivist and inductive nature of the research. Further, certain research approaches will be more effective at achieving the research aim and objectives, and be more realistic in terms of the time and resources available to the researcher. Table 4.1 identifies the main methodological approaches that are consistent with the interpretivist stance. Each approach is now briefly reviewed for their suitability for the present study.

Methodology	Philosophical Position
Action research	Interpretivist
Ethnography	Interpretivist
Grounded theory	Interpretivist
Case study	Either interpretivist or positivist

Table 4.1: Interpretivist Methodologies. *Source:* Remenyi et al (1998).

4.4.1 *Ethnography*

Ethnography stems from the field of anthropology, and is a strictly inductive approach to research (Remenyi et al, 1998). Bryman and Bell (2015: 443) define ethnography as “the extended involvement of the researcher in the social life of those he or she studies”. The aim of an ethnography is to understand and experience the social world in the same way as the research subjects. Participant observation constitutes the main method of data collection for this approach. Thus, ethnography involves unstructured fieldwork, observing communities in their natural setting, and engaging in activities with research subjects (Hammersley, 2007). Ethnography is therefore suggested to be an effective strategy for gaining a comprehensive insight into human behaviour (Bryman and Bell, 2015).

Although the ethnographic approach could be useful in terms of achieving the aim and objectives of the present study, this methodology was considered unrealistic due to the difficulty in achieving access. Ethnography typically involves researchers immersing themselves in the natural setting of their research subjects. Direct access to board meetings, however, is challenging to achieve – they are commonly viewed as private places where confidential issues are discussed and outsiders are treated with caution (Pugliese et al, 2015). This was the case in the present study, and the opportunity to conduct an ethnography was not available to the researcher.

4.4.2 *Action Research*

Action research can be broadly defined as “an approach in which the researcher and a client collaborate in the diagnosis of a problem, and in the development of a solution based on the diagnosis” (Bryman and Bell, 2015: 418). In contrast to most other social science methodologies, action research acknowledges the researcher as an active part of

the process, as opposed to an observer (Coghlan and Brannick, 2014). Generally, this involves the researcher assisting an organisation with the implementation of a change, and analysing the effects of that change (Connaughton and Weller, 2013).

Action research is considered inappropriate for the present study for two reasons. First, this approach is considered unnecessary to achieve the aim and objectives of this study. The aim of this study is to understand how social capital influences board effectiveness as it currently operates, and therefore, there is no need to implement and analyse a change. Second, similar to the ethnographic method, the opportunity to become an active part of the organisation and implement a change is not available to the researcher.

4.4.3 *Grounded Theory*

Grounded theory is defined as a methodology in which “theory is derived from the data, systematically gathered, and analysed throughout the research process. In this method, data collection, analysis, and the eventual theory stand in close relationship to one another” (Strauss and Corbin, 1998: 12). Thus, there are two key features of grounded theory. First, this approach is concerned with generating theory from the data, and second, the process is iterative, meaning that data collection and analysis happens simultaneously (Bryman and Bell, 2015). This approach lies at the opposite end of the spectrum to positivist studies, which begin with the development of a theoretical framework. Grounded theory is an entirely inductive approach and generally involves in-depth interviews (Strauss and Corbin, 1998).

Grounded theory, however, is inapplicable to the present study because the research questions have emanated from the literature review and a theoretical focus has been identified. Thus, the theory developing from this study is not grounded in the data, as per the requirement of traditional grounded theory (Strauss and Corbin, 1998). In contrast, this study aims to extend existing theory through an inductive process.

4.4.4 *Case Studies*

The case study is a methodological approach that is frequently applied to organisational studies (Bryman and Bell, 2015; Hartley, 2004). Eisenhardt (1989b: 534) defines a case study as “a research strategy that focuses on understanding the dynamics present within

single settings”. Yin (2014: 16) offers a similar definition, suggesting that a case study is a research approach that:

“Investigates a contemporary phenomenon in depth and within its real world context, especially when the boundaries between the phenomenon and context may not be clearly evident” (Yin, 2014: 16).

A ‘case’ may be a single organisation, location, person or event (Bryman and Bell, 2015). The case study’s strict focus on a bounded system or situation distinguishes it from other research designs (Yin, 2009). Although the case study is most commonly used with qualitative methods, it is compatible with quantitative methods (Stake, 1995). However, it is argued that qualitative methods such as interviews and observation are more suited to this approach due to their ability to form an intensive and detailed understanding of situations (Eisenhardt, 1989b). What separates case studies from other qualitative designs is that case studies are open to the notion of theory guiding the research process. This contrasts other approaches such as grounded theory and ethnography where theory development is considered a strictly inductive practice (Yin, 2009).

Case studies have traditionally been criticised for an absence of methodological rigour and their inability to offer scientific generalisation (Keil et al, 2008). Despite this, other researchers suggest that, although they cannot offer scientific generalisation, case studies can offer theoretical generalisation by combining evidence from multiple cases (Miles and Huberman, 1994; Yin, 2009).

The case study approach is not limited to the analysis of single cases (Bryman and Bell, 2015). Indeed, multiple-case study designs are frequently used in business research (Yin, 2009). Multiple-case studies are generally used for the purpose of comparing and contrasting the findings from different cases. In turn, this allows the researcher to identify commonalities and differences, which is then suggested to enhance theoretical reflection and development (Stake, 1995).

In consideration of this study’s research questions and philosophical stance, the case study approach is deemed the most appropriate methodological strategy. Sutrisna and Barrett (2007) claim that case studies provide a reliable method of extracting rich data from complex environments, and Scottish football represents such an environment.

Further, this approach will allow the researcher to get close to the data whilst maintaining a theoretical focus (Yin, 2009). Yin (2014) suggests that case studies are appropriate for ‘how’ or ‘why’ research questions due to their emphasis on understanding complex social phenomena. Moreover, the case study approach is suitable when such questions are asked in relation to a “set of events over which the investigator has little or no control” (Yin, 2014: 9). Thus, this method is appropriate for the present study given that the aim is to explore **how** social capital influences the effectiveness of Scottish football club boards. This is a context in which the researcher cannot become directly involved.

4.5 Research Design: The Case Study

Bryman and Bell (2015: 49) state that a research design “provides a framework for the collection and analysis of data”. The previous section established that the case study approach is the most appropriate design for the present study. Unlike other research designs such as grounded theory, there are no fixed requirements for conducting a case study and different authors will adopt different procedures and philosophical stances (Meyer, 2001). The following sections describe the specific case study design used in this research.

4.5.1 Research Design Overview

Eisenhardt (1989b) and Yin (2009) are the two main theorists regarding the procedures of case study research. The key difference between the two approaches concerns the level of induction and deduction. Eisenhardt’s (1989b) approach involves a strong degree of induction, and resembles the grounded theory method. It claims researchers should not specify a theoretical framework prior to data collection in order to maintain analytical flexibility. The stages of Eisenhardt’s (1989b) case study method are outlined in Table 4.2.

Step	Activity
Getting Started	<ul style="list-style-type: none"> • Definition of research question • Possibly a prior constructs • Neither theory nor hypotheses
Selecting Cases	<ul style="list-style-type: none"> • Specific population • Theoretical, not random, sampling
Crafting Instruments and Protocols	<ul style="list-style-type: none"> • Multiple data collection methods • Qualitative and quantitative data combined • Multiple investigators
Entering the field	<ul style="list-style-type: none"> • Overlap data collection and analysis, including field notes • Flexible and opportunistic data collection methods
Analysing data	<ul style="list-style-type: none"> • Within-case analysis • Cross-case pattern search using diverging techniques
Sharing hypotheses	<ul style="list-style-type: none"> • Iterative population of evidence for each construct • Replication, not sampling, logic across cases • Search evidence for “why” behind relationships
Enfolding literature	<ul style="list-style-type: none"> • Comparison with conflicting literature • Comparison with similar literature
Reaching closure	<ul style="list-style-type: none"> • Theoretical saturation when possible

Table 4.2: Case Study Process. *Source:* Eisenhardt (1989b).

In contrast to Eisenhardt (1989b), Yin (2009) does not propose a purely inductive approach to case study research. In contrast, establishing a theoretical focus and *a priori* propositions is accepted in Yin’s (2009) method. The five stages of case study research identified by Yin (2009) are illustrated in Table 4.3.

Stage	Component	Explanation
1	A case study’s questions	Clarification of the nature of study questions through literature and previous studies.
2	Its propositions, if any	The propositions direct focus on what should be examined within the scope of the study. Some studies, for legitimate reasons, may not have study propositions, e.g. Exploratory research.
3	The unit of analysis	Defining the entity in the case study to be investigated and bounding the case. A unit of analysis can be a single organisation, location, individual or event (Bryman and Bell, 2015)
4	The logic of linking the data to the propositions	Developing a strategy to matching case study data to concepts of interest. Techniques include pattern matching, explanation building, time-series analysis, logic models, and cross-case synthesis.
5	The criteria for interpreting the findings	Determine how the data from the case will inform the findings. This involves identifying and addressing rival explanations.

Table 4.3: Components of Case Study Design. *Source:* Yin (2009).

Given that the present research establishes a theoretical focus from the literature review, Yin's (2009) approach is considered the most appropriate strategy to guide this study. Stage one of Yin's (2009) process allows for clarification of a research focus, while stage two acknowledges that propositions are not necessary in exploratory research. This complements the aim and objectives of this study. Figure 4.1 illustrates the research design of this specific research, which has been adapted from the five stages proposed by Yin (2009). A number of components have been added that Yin (2009) does not explicitly account for such as 'selection of cases' and 'data collection'.

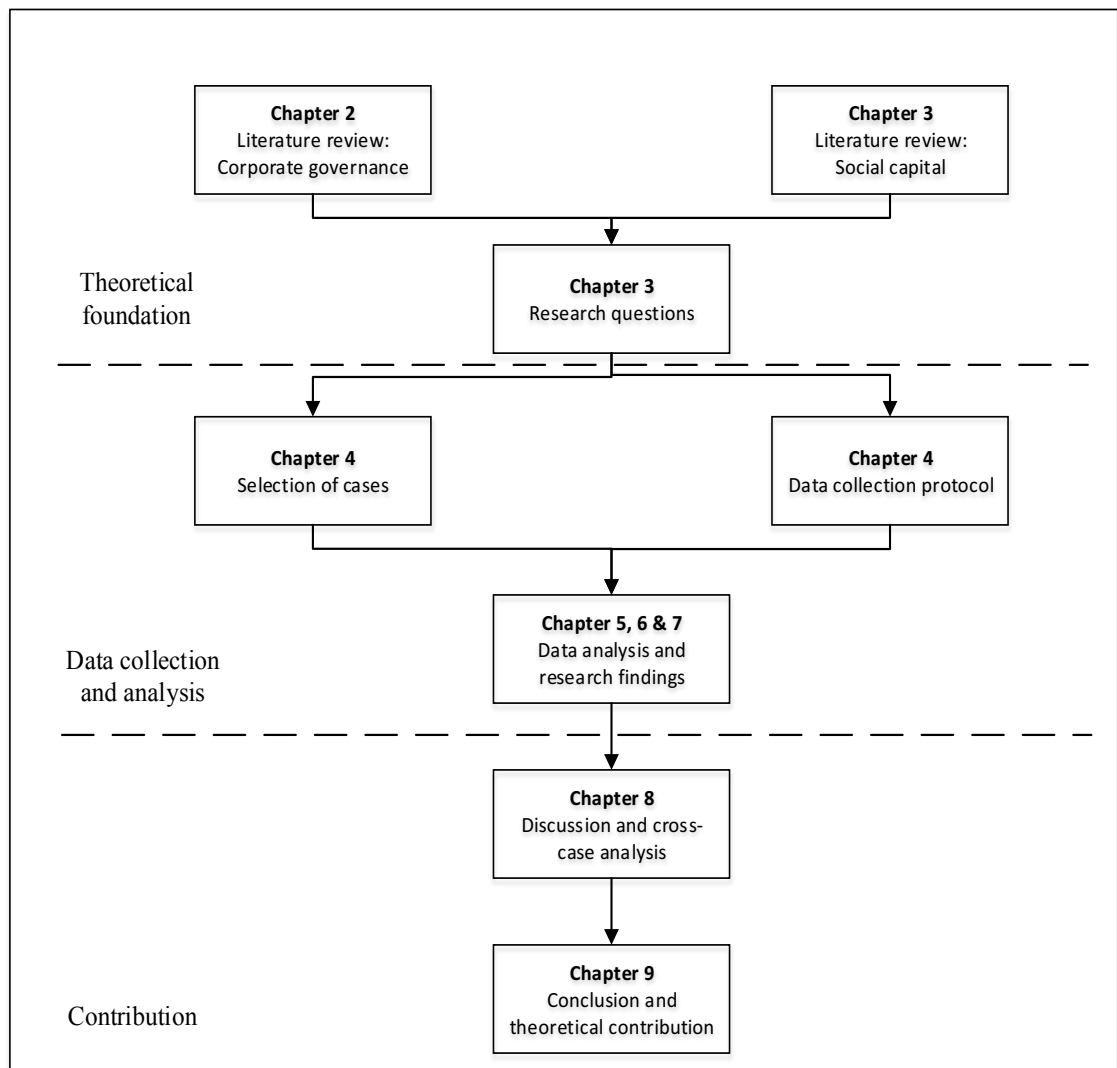


Figure 4.1: Research Design Overview

As Figure 4.1 shows, Yin's (2009) case study approach has been adapted and split into three stages: theoretical foundation, data collection and analysis, and contribution. The theoretical foundation stage involved a literature review of the two main theoretical areas

underpinning this research (corporate governance and social capital). Gaps were identified in the respective literatures and research questions were subsequently formulated. The research questions guided the data collection stage of the study.

The data collection and analysis stage first involved selecting suitable cases that are considered useful in terms of informing the research aim and objectives. Following this, suitable instruments for gathering data were selected. These stages are described in more detail in sections 4.5.7 and 4.6. The second part of this stage of the research process involved analysis of individual case findings, before cross-case comparisons and a discussion are offered in chapter eight.

The last stage of the research design involved clarifying the contributions of the study. Chapter six discusses the findings in relation to previous studies and illustrates how the present research fits with the broader governance and social capital literatures. Contributions to theory and practice are summarised in section 9.3.

4.5.2 *Establishing Case Study Type*

Yin (2009) proposes that the type of case study used by a researcher is contingent on three factors: (1) the nature of the research questions and objectives, (2) the amount of control that the researcher has over events or social behaviours, and (3) whether the focus of the research is on contemporary or historical events. Table 4.4 presents a summary of the various types of case studies identified in the literature.

Case Study Type	Definition
Exploratory	A case study in which the purpose is to explore a situation where there is no clear, single set out outcomes (Yin, 2009). Exploratory multiple-case studies characteristically focus on processes. They ask ‘what are the mechanisms through which [this phenomenon] is taking place?’ (Stewart, 2012).
Explanatory	The purpose of explanatory case studies is to explain causal links in real-life situations that are too complex for the experimental or survey strategies. This case study goes beyond correlations and frequencies to consider the operational links that need to be traced over time (Yin, 2009).
Descriptive	A case study in which the purpose is to describe a phenomenon in its real world context (Yin, 2014).
Intrinsic	A case study whose purpose is to gain a better understanding of a particular case. The purpose is not theory building but is pursued when the case itself is of primary interest, not secondary interest (Stake, 1995).
Instrumental	A case whose purpose is to facilitate understanding of particular phenomena. The case is of secondary interest and is examined mainly to provide insight into an issue or to redraw a generalisation (Stake, 1995).

Table 4.4: Case Study Type. *Source:* Adapted from Baxter and Jack (2008).

The aim of this research is examine how social capital influences board effectiveness. Thus, this study focuses on understanding the mechanisms through which a social phenomenon takes place. This suggests that this research fits the definition of an exploratory case study. As described in Table 4.4, exploratory case studies characteristically focus on processes (Stewart, 2012). Indeed, the present study is concerned with the process of how social capital influences board effectiveness. It should be noted, however, that case study types are only proposed as a guide for researchers. It is claimed that individual case studies may occasionally overlap between the definitions outlined in Table 4.4 (Stake, 1995; Yin, 2009). Primarily, though, the present research represents an exploratory case study.

4.5.3 *Single or Multiple Case Studies*

Deciding between single or multiple-case study designs is an important consideration for researchers. The choice has implications for the value that a study offers, and the process of how it will be conducted (Stake, 1995; Yin, 2009). Single case studies are required in situations where a specific case is fundamental to the research question or theoretical proposition (Yin, 2009). A single case design is also suitable when the case represents an extreme or unique situation. Further, this design is appropriate when dealing with a ‘common case’ – meaning that it captures the conditions of a certain situation in itself, or when it is a ‘revelatory case’ – meaning that it represents an opportunity to investigate phenomena that were previously inaccessible (Hartley, 2004; Yin, 2009).

Although multiple-case designs are more time consuming, it is widely acknowledged that they provide a number of added benefits (Bryman and Bell, 2015; Hartley, 2004; Yin, 2009). For instance, multiple-case studies are suggested to enhance theory development through the collection of comparative data that enhances understanding of social phenomena (Ozcan and Eisenhardt, 2009). Moreover, multiple-case study designs provide a greater scope to generalise findings compared to single case studies (Tversky and Kahneman, 1986). This view is supported by a number of researchers who claim that the multiple-case design improves external validity (Eisenhardt, 1989b; Leonard-Barton, 1990; Miles and Huberman, 1994).

Yin (2009) argues that an advantage of multiple-case studies is that they allow for design replication. Design replication involves selecting two or more similar cases and applying the same methods to them so the results can be compared. Yin (2009) suggests two forms of replication in case study research. First, ‘literal replication’, meaning that the findings are identical across cases and can therefore be considered robust. Second, ‘theoretical replication’, meaning that results are different between cases, but for reasons that are predictable or explainable. Replication logic also facilitates analytical generalisation, which involves the researcher linking the findings from specific cases to a previously developed theory. As Yin (2003: 38) states:

“If two or more cases are shown to support the same theory, replication may be claimed. The empirical results may be considered yet more potent if two or more cases support the same theory but do not support an equally plausible rival theory”.

For the reasons discussed in this section, a multiple-case study design is considered the most appropriate strategy. Specifically, the value that the multiple-case design offers in terms of comparative data and enhanced theory development are suited to this research. Using replication logic to study the differences and commonalities between multiple Scottish football clubs will provide greater insights into how social capital influences board effectiveness. Moreover, this research does not fit the criteria required to be suitable for a single case study design – meaning that it is not a revelatory case, common case or extreme case. This research will add to a growing number of studies adopting the multiple-case design in the governance field, where it is frequently recognised as an effective research design for building theory (Stewart, 2012; Van Echtelt et al, 2008; Voordijk et al, 2006).

4.5.4 *Unit of Analysis*

Defining the unit of analysis is a critical part of designing a case study (Merriam, 1998). When using the case study approach, the case itself is not always the sole unit of analysis (Yin, 2009). Thus, it is important to clarify how the ‘case’ and ‘unit analysis’ are defined to avoid confusion regarding the focus of a study (Yin, 2014). To qualify as being a ‘case’, there is consensus in the literature that social phenomena must be ‘intrinsically bound’ – meaning that they have established parameters distinguishing them from the wider social world (Bryman and Bell, 2015; Merriam, 1998; Yin, 2009).

When the focus of a study is on a single case or social entity (e.g. a company or group), this is known as a ‘holistic case study design’. However, if attention is given to multiple subunits within a case (e.g. different departments within a company), this is referred to as an ‘embedded case study design’ (Yin, 2014). This distinction between holistic and embedded units of analysis applies to both single and multiple-case designs. Yin (2009) developed a matrix that highlights the main units of analysis in case studies. This is illustrated in Figure 4.2.

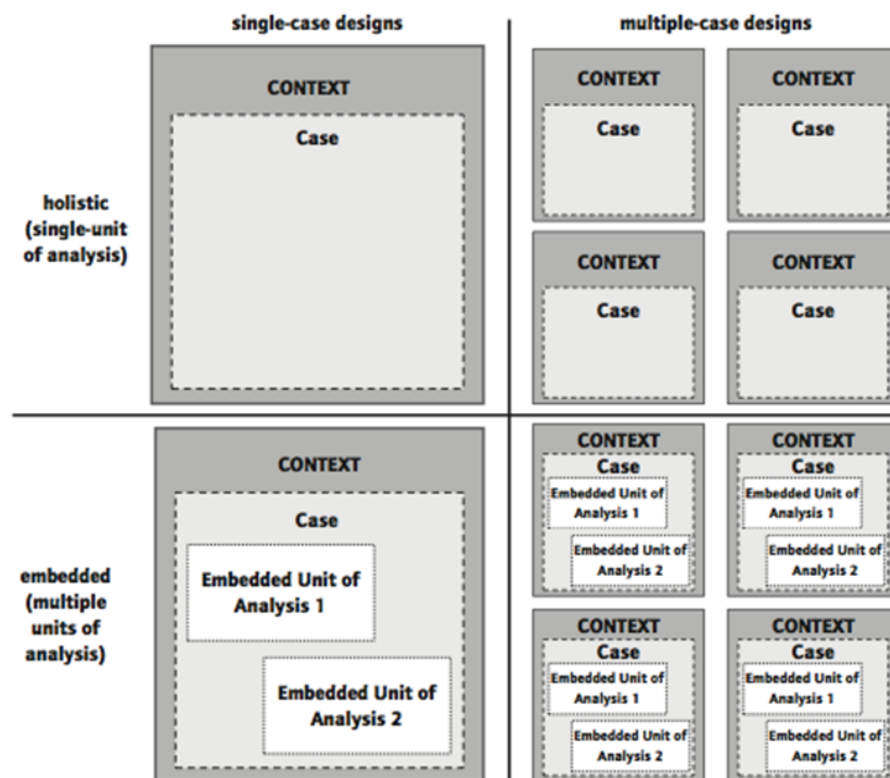


Figure 4.2: Basic Types of Case Study Design. *Source:* Yin (2009: 46).

The present study fits within the definition of a ‘holistic multiple-case design’ proposed in Yin’s (2009) matrix. In this research, there is only one unit of analysis per case, which is the board of directors of Scottish football clubs. Each individual board represents a case, and there is no further subunits or parts of the football club being analysed. Equally, the football club itself is not a unit of analysis, so the boards cannot be considered embedded units. Therefore, the Scottish football club boards selected for this study will be the holistic unit of analysis.

4.5.5 *Number of Cases*

The literature does not provide clear guidance regarding the optimal number of cases that should be included in multiple-case study designs (Perry, 1998). Some researchers claim that cases should be continually added until theoretical saturation has been reached (Gotsi et al, 2010; Lincoln and Guba, 1985). Other researchers propose a more specific number of cases. For instance, Hedges (1985) suggests that the ideal number is between three and six cases, while anything over twelve is considered unmanageable. Moreover, Miles and Huberman (1994) argue that multiple-case studies should not be less than three and not

be more than fifteen. Anything outside this range is suggested to lack validity or be too cumbersome.

In consideration of the guidance offered by previous research, this study will incorporate three cases into the design. This is considered appropriate in terms of acquiring a sufficient amount of comparative data, and manageable in terms of the researcher's time constraints and available resources.

4.5.6 *Sampling*

Generally, there are two main sampling approaches used in exploratory case studies: theoretical sampling and purposive sampling (Bryman and Bell, 2015). Glaser and Strauss (1967: 45) define theoretical sampling as:

“The process of data collection for generating theory whereby the analyst jointly collects, codes, and analyses his or her data and decides what data to collect next and where to find them, in order to develop theory as it emerges. The process of data collection is *controlled* by the emerging theory, whether substantive or formal”.

Theoretical sampling is associated with the grounded theory approach in that it is used by researchers who look for theory to emerge from the data inductively (Hood, 2006). What distinguishes theoretical sampling from other sampling techniques is the emphasis on choosing cases and units of analysis on the basis that they can enhance theoretical understanding (Bryman and Bell, 2015). For instance, statistical sampling, which is primarily used in quantitative studies, aims to acquire a random representative sample of a specific population. This contrasts with theoretical sampling where cases are chosen for their relevance to a theory, and not because they represent a particular demographic (Patton, 1990).

Purposive sampling is another technique that is frequently employed in qualitative studies, and is defined as:

“A non-probability form of sampling. The researcher does not seek to sample research participants on a random basis. The goal of purposive sampling is to sample cases/participants in a strategic way, so that those sampled are relevant to the research questions that are being posed” (Bryman and Bell, 2015: 429).

As the above quote suggests, the purposive sampling strategy does not have a strictly theoretical focus, as is the case in theoretical sampling. Instead, purposive sampling is guided by processes, purposes, specific features, or points of interest within a case (Schutt, 2006). Thus, the intention is to select cases that the researcher specifically identifies as being a pertinent representation of a specified population that can inform the research questions. Hood (2006) suggests that to maintain consistency, researchers must be clear about the criteria they are using to include or exclude cases when using this approach. Further, purposive sampling is considered appropriate when only a limited number of cases that can inform the research aim, and when there is a need to select cases that are particularly informative (Neuman, 2006).

Purposive sampling is considered appropriate for the present study due to the context in which the research is based. The aim of the research is to examine how social capital influences board effectiveness within the Scottish football setting. Thus, there is a requirement to select cases from a limited and difficult to access population. This is consistent with the characteristics of the purposive sampling technique (Bryman and Bell, 2015). Theoretical sampling is not considered suitable due to its emphasis on the sampling process being controlled by the emerging theory (Neuman, 2006). The present study's sampling process, on the other hand, is guided by the need to select cases representative of Scottish football.

In accordance with Yin's (2009) replication logic, specific football clubs were selected that replicate each other either literally or theoretically. The cases were purposively selected with respect to the following criteria:

- The boards selected for this study must be professional football clubs with licenses to compete in the Scottish Professional Football League (SPFL).
- Selected cases must have a fan representative on their board. Fan representatives are considered by the researcher to provide additional challenges to boards, and such cases may therefore deliver rich findings.
- All cases must have a degree of fan-involvement in ownership. Fan involvement in ownership has implications for governance (Ward et al, 2012) and therefore comparisons can be drawn between similar cases.

- Selected cases must (at the time of writing) either compete in the Scottish Premiership or Scottish Championship to ensure that there are no significant size or structural differences between the football clubs.
- All cases must fit the definition of an SME to ensure there are no significant size or structural differences between the football clubs.

4.5.7 *Selection of Cases*

Scottish football club boards represent a challenging demographic to access. Governance scholars have frequently cited the difficulty in gaining access to boards of directors in general (Finkelstein and Mooney, 2003; Minichilli et al, 2009; Pugliese et al, 2015). Primarily, this is due to the nature of board work. A large part of a board's role is to provide oversight of an organisation, which means they must make difficult decisions, and they invariably handle confidential and commercially sensitive information (Leblanc, 2004). For these reasons, boards of directors have traditionally been reluctant to permit interview or observation access to researchers (Pugliese et al, 2015). In the football context, the reluctance to work with researchers is even greater. The boards of football clubs are under intense media scrutiny and their stakeholders (particularly the supporters) vehemently judge their performance (Merkel, 2012).

Due to the difficulties outlined above, the present research faced significant challenges in acquiring access to Scottish football club boards. The first step taken by the researcher to acquire access involved identifying a list of suitable cases. Of the 22 professional football clubs competing in either the Scottish Premiership or Championship, seven matched all the criteria outlined in section 4.5.6. Table 4.5 illustrates this.

Football Club	SPFL License	Fan Representative	Fan Involvement in Ownership	Premiership or Championship Club	SME
Celtic	✓			✓	
Aberdeen	✓			✓	
Rangers	✓	✓		✓	
St. Johnstone	✓			✓	✓
Hearts	✓	✓	✓	✓	✓
Partick Thistle	✓			✓	✓
Ross County	✓			✓	✓
Kilmarnock	✓			✓	✓
Motherwell	✓	✓	✓	✓	✓
Dundee	✓	✓	✓	✓	✓
Hamilton	✓			✓	✓
Inverness CT	✓			✓	✓
Hibernian	✓	✓	✓	✓	✓
Falkirk	✓			✓	✓
Dundee Utd	✓	✓		✓	✓
Morton	✓			✓	✓
Dunfermline	✓	✓	✓	✓	✓
Queen OTS	✓			✓	✓
St. Mirren	✓	✓	✓	✓	✓
Dumbarton	✓	✓		✓	✓
Raith Rovers	✓	✓	✓	✓	✓
Ayr Utd	✓			✓	✓

Table 4.5: Scottish Football Club Characteristics. *Source:* Information retrieved from Supporters Direct (2017).

Of the seven suitable cases identified through purposeful sampling, the researcher then adopted a 'snowball' sampling approach to select cases that represented the strongest chance of gaining access. 'Snowballing' refers to the practice of using established contacts to get introductions to individuals relevant to a research project (Noy, 2008). By going through existing connections, the likelihood of being granted access is far greater due to a perception of pre-established trust (Bryman and Bell, 2015). Initially, three directors from three appropriate Scottish football clubs – Heart of Midlothian FC, Raith Rovers FC and Dunfermline AFC – were contacted through mutual connections. All three individuals agreed to engage with the research. From this point, the researcher used those newly established contacts to reach out to the other members on the respective boards. After assurances were given that sufficient access would be granted, the researcher finalised the selection of cases. The details of each case are discussed in the following sections.

4.5.8 *Heart of Midlothian FC*

4.5.8.1 *Background*

Founded in 1874, Heart of Midlothian FC (HMFC) is an Edinburgh-based football club competing in the Scottish Premiership. The club plays its home matches at Tynecastle Park. After the two Old Firm clubs (Celtic FC and Rangers FC), HMFC has the biggest supporter base in Scotland and is the 4th most successful club in terms of trophies won, with a combined total of 16 major trophies – six more than Edinburgh rivals Hibernian FC (World Football Statistics, 2017b).

HMFC has experienced a number of financial problems in the last 20 years. Following the success of the 1998 Scottish Cup win, the club embarked on a period of overspending that resulted in the accumulation of debts reaching £18m. Then CEO, Chris Robinson, devised a plan to sell Tynecastle Park in order to raise the necessary capital to pay off the debts (BBC, 2004). This was a deeply unpopular move among HMFC supporters, who view Tynecastle Park as the club's spiritual home (Adams et al, 2017).

Sale of the stadium was ultimately prevented by eccentric Lithuanian businessman Vladimir Romanov. After providing financial guarantees that HMFC would continue trading without selling Tynecastle, Romanov eventually secured an 82% majority shareholding in the club (Forsyth, 2004). HMFC got off to a tremendous start in

Romanov's first year of ownership, winning their first eight league matches under the management of George Burley. Despite the great start, Burley was unexpectedly sacked by Romanov two months into the season due to 'irreconcilable differences' (BBC, 2005a). Controversial decisions such as the sacking of Burley would typify Romanov's tenure at HMFC. By June 2013, HMFC were again in a perilous financial situation after eight turbulent years under Romanov, and were placed in administration. Compounding this, HMFC was relegated from the Scottish Premiership at the end of the 2013/14 season (Adams et al, 2017).

A significant development in the club's recent history was the formation of the Foundation of Hearts (FoH) in 2010. FoH was formed by a group of Edinburgh-based businesspeople, with the ultimate aim of achieving fan ownership for HMFC. By the time HMFC was in administration, FoH had amassed 6000 members, all contributing a minimum of £10 per month to the fan ownership cause (Adams et al, 2017).

At that time, contributions from FoH members themselves were insufficient to save the club. In stepped local businesswoman Ann Budge who, after various meetings with FoH members, provided the £2.5m required to bring HMFC out of administration in June 2014 (McLauchlin, 2014). A deal was put in place between the two parties for Budge to transfer ownership to the FoH once they repaid her investment over a five-year period. The FoH would also contribute £1m in upfront costs, and £1.4m of working capital in both the first and second years of the deal to stabilise the club's finances (Adams et al, 2017).

By 2016, the club's fortunes were transformed. Immediately promoted from the Scottish Championship in Budge's first year of ownership, HMFC is back competing at the top of the Scottish Premiership – finishing third in the 15/16 season. Off the field, the club has been led to a stable financial position with Budge acting as CEO and Chairperson. The FoH now has approximately 8000 members making monthly subscriptions. However, the agreement to transfer ownership within a five-year period has been extended so that FoH contributions can be used to help fund the redevelopment of the main stand at Tynecastle Park. Fan ownership is now expected to take effect in 2020 (Swan, 2016).

4.5.8.2 Directors

There are six directors on the HMFC board. All of them began their tenure following the administration period and the arrival of Ann Budge as owner. As part of the agreement between the FoH and Ann Budge, the FoH are entitled to have two representatives on the club's board, and (at the time of writing) these individuals are Brian Cormack* and Donald Cumming. Eric Hogg, Kevin Windram and Craig Levein are the three remaining directors, and all were associates of Budge prior to the take-over. Information on the directors were retrieved from the club website (Heart of Midlothian FC Website, 2016). Demographic details of the directors are provided in Table 4.6.

Director	Role/Main Area	Position	Background	Length of Tenure	Otherwise Employed
Ann Budge	CEO/Chair	Executive	IT sector	2 years	No
Eric Hogg	Operations Director	Executive	IT sector	2 years	No
Kevin Windram	Finance Director	Non-Executive	Corporate finance	2 years	Yes
Donald Cumming	Fan Representative	Non-Executive	Lawyer	1 year	Yes
Brian Cormack	Fan Representative	Non-Executive	Property/Construction	1 year	Yes
Craig Levein	Director of Football	Executive	Football manager	2 years	No

Table 4.6: HMFC Directors' Demographics

4.5.8.3 Governance Structure

There are three facets to HMFC's governance structure: the executive directors, the non-executive directors and senior management. The club does not follow a traditional governance model that sees the executive team subordinate to the board of directors. The non-executive directors do not sit hierarchically above the executive team. In contrast, the relationship between them is better characterised as a partnership with an advisory function. There is a concentration of power with Ann Budge, as she holds the positions of CEO and Chairperson, and is also the majority shareholder (Heart of Midlothian FC

* Brian Cormack, citing work commitments, stood down from the HMFC and FoH boards in December 2016 and was replaced by Stuart Wallace in January 2017.

Website, 2016). Collectively, the board of directors operates above the four senior managers. The club's governance structure is illustrated below in Figure 4.3.

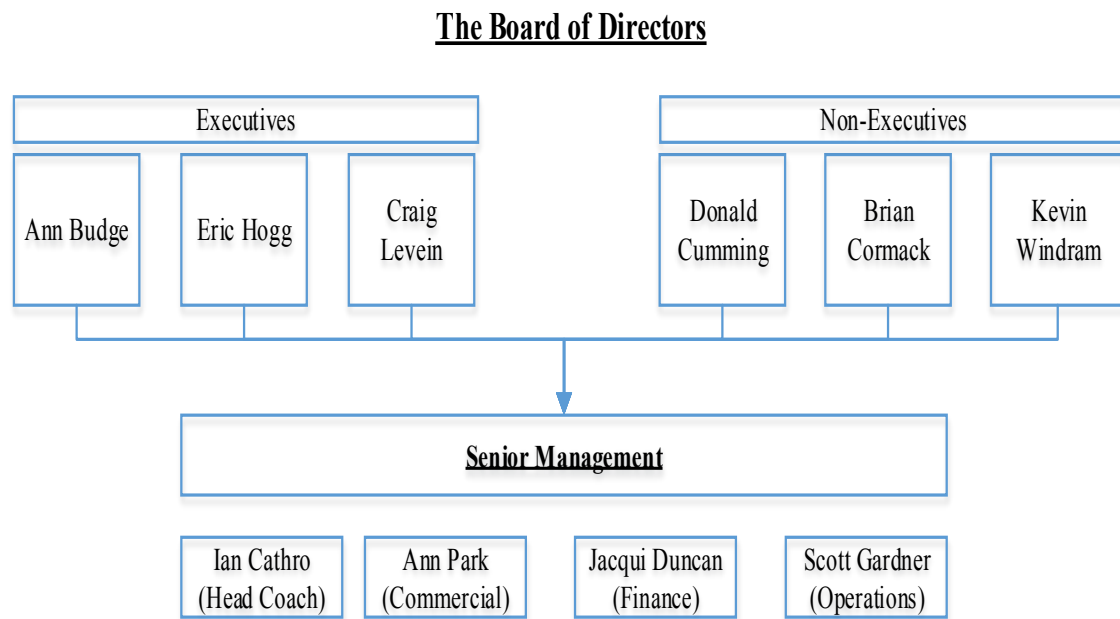


Figure 4.3: HMFC Governance Structure

4.5.9 *Raith Rovers FC*

4.5.9.1 *Background*

Based in the town of Kirkcaldy, Raith Rovers FC (RRFC) was formed in 1883 and incorporated into a limited company in 1907. The record attendance at their home ground, Stark's Park, was achieved in 1937 when 25,500 people saw the team defeated by East Fife in a Scottish Cup quarter final match. In 1937, RRFC set a British league record when they scored 142 goals in 34 matches, going on to win the Second Division (now the Scottish League One) (Raith Rovers FC Website, 2016a).

The most successful period in the club's history came between 1992 and 1996. RRFC won the First Division (now the Scottish Championship) in the 1992-93 season, which led to their first appearance in the Scottish Premier Division (now the Scottish Premiership) the following season. On the 27th November 1994, RRFC defeated Celtic in the final of the Coca Cola Cup (now the Betfred Cup). Following the cup win, RRFC qualified for the UEFA Cup (now the Europa League) for the first time in their history. After winning the first two rounds, RRFC was eliminated by the eventual winners of the

competition, Bayern Munich FC (World Football Statistics, 2017a). The Coca Cola cup win and the UEFA cup generated the capital necessary to upgrade Stark's Park to an all-seater stadium.

In 2005, the future of RRFC looked uncertain when the then owners, Colin McGowan and Alex Short, threatened to sell the stadium for housing development if they could not find a buyer for their 50% stake in the club. A grassroots fans' campaign called 'Reclaim the Rovers', led by the then Chancellor of the Exchequer Gordon Brown (a lifelong supporter), was subsequently launched to secure the club's future (BBC, 2005b). By December 30th 2005, a deal was struck to purchase the shares for £1.2m. That figure was raised by a consortium of local business people, and the 'Reclaim the Rovers' campaign contributed £100,000 to the total (Raith Trust, 2013).

The 2005 takeover was successful in stabilising RRFC but did not solve all of its problems. Although enough money was raised to effect a change in ownership, it was not enough to make the club profitable. Small losses have been made in all but three of the years since the takeover. As a result, the club has become reliant on subsidy from directors to bridge the gap between revenue and expenses (Raith Trust, 2013). Despite this, RRFC has performed consistently in the Scottish Championship in recent years* and managed to defeat Rangers FC in the final of the Scottish Challenge Cup in 2014 (Bathgate, 2014).

4.5.9.2 Directors

There are eight directors on RRFC's board (including the Chief Executive). The length of tenure of the directors varies considerably. Eric Drysdale (ED) has been on the board for 18 years, whereas Gordon Adamson (GA) and Tom Morgan (TM) have been directors for one and three years respectively. Since the 2005 takeover, Raith has been committed to accommodating an elected fan representative on the board who serves a minimum two-year term. The current fan representative is GA (Raith Rovers FC Website, 2016b). Demographic details of the directors are summarised in Table 4.7.

* In May 2017, RRFC was relegated to the Scottish League One – the first time the club had competed in Scotland's third tier since 2009.

Director	Role/Main Area	Background	Length of Tenure	Other Employment
Alan Young	Chairperson	Accountant	9 years	No
Eric Drysdale	Chief Executive	Banker	18 years	No
Tom Phillips	Community Liaison	Public Sector	7 years	Yes
David Wann	Community Liaison	Public Sector	6 years	No
Tom Morgan	Commercial Director	Sales Specialist	3 years	No
John Sim	Finance	Banker	11 years	No
Val McDermid	Non-Specific	Author	3 years	Yes
Gordon Adamson	Fan representative	Construction	1 years	Yes

Table 4.7: RRFC Directors' Demographics

4.5.9.3 Governance Structure

RRFC adopt a governance structure consistent with traditional governance systems in which the board operates directly above the executive management. In RRFC's case, there is only one official executive director. The Chief Executive, Eric Drysdale (ED) provides oversight of all operational aspects of the company. There are eight non-footballing employees subordinate to ED. The football manager (Gary Locke) is also subordinate to ED, but he is the line manager of all footballing employees (Raith Rovers FC Website, 2016b). Figure 4.4 depicts the company's governance structure.

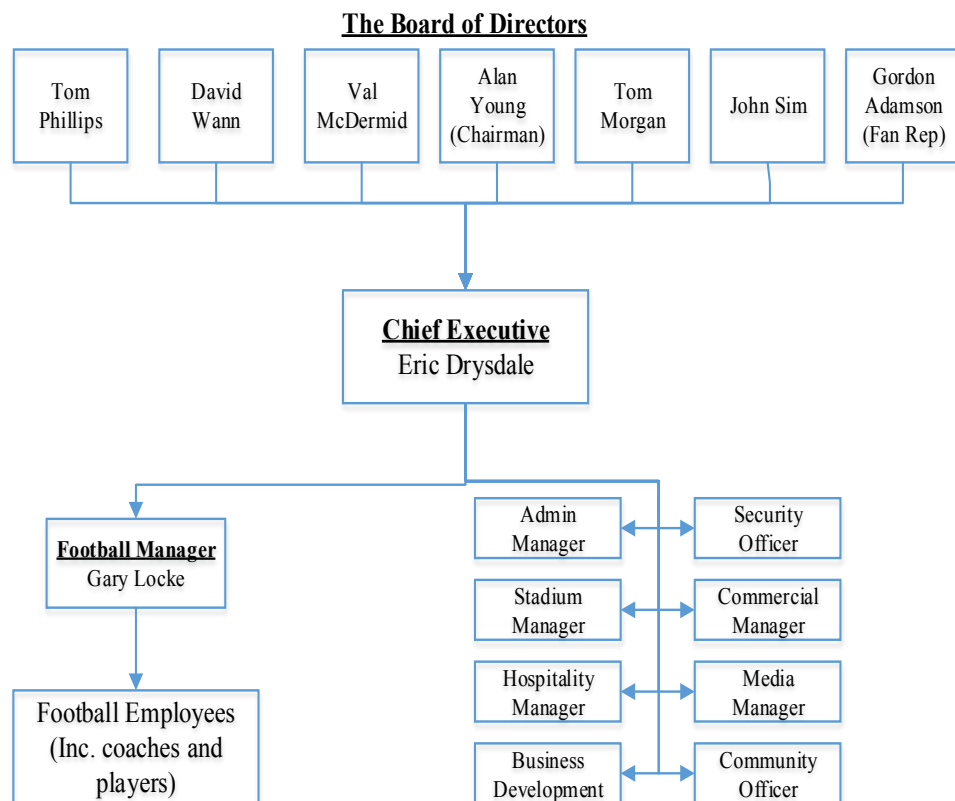


Figure 4.4: RRFC Governance Structure

4.5.10 *Dunfermline Athletic FC*

4.5.10.1 *Background*

Nicknamed ‘The Pars’, Dunfermline Athletic Football Club (DAFC) was founded in 1885. The club is based at East End Park (EEP) in the town of Dunfermline in Scotland’s Fife region. Currently playing in the Scottish Championship after being promoted in the 2015-2016 season, the team is managed by Allan Johnston who has held this position since May 2015 (Pars Database, 2016).

The most successful period in the club’s history was in the 1960s – reaching the Scottish Cup Final three times and winning two of them (1961 and 1968). Jock Stein, widely regarded as one of the greatest football managers in British history, presided over the 1961 victory (Hunter, 1985). Another period of relative success followed in the 2000s, when the club reached three major finals in 2004, 2006 and 2007 – losing all three to Celtic FC (BBC, 2007). However, this success came at a cost. Led by then owner Gavin Masterton, the club accumulated unsustainable debts in the pursuit of on-field success and it was eventually placed in administration in April 2013. Moreover, the company that

owned the stadium, another one of Masterton's companies, was also placed in administration. Masterton, a former managing director of the Bank of Scotland, took full responsibility for the club's financial problems and apologised publicly to its fans and stakeholders (Dunfermline Athletic FC Website, 2014a).

By October 2013, a new era for DAFC began as the community group 'Pars United' acquired control of the club from administrators BDO. Pars United was set up as a 'Community Interest Company' (CIC), which is a new type of company recently introduced by the Government in 2005. A CIC is similar to a normal company in that it is run by a board of directors and is subject to normal company law. However, a CIC must act for the good of the community and there are legal restrictions in place that prevent money and assets being taken away from the company (UK Government, 2016). According to official club documents, this makes the CIC structure ideal for the club:

"Because of these restrictions, a CIC perfectly fits our ideal of a widely owned community football club with its roots and aspirations firmly bedded, in our case, in the community of West Fife." (Dunfermline Athletic FC Website, 2014a).

Since the community takeover, the club's financial performance has improved. The board has worked to reduce costs, increase commercial revenue and introduce stringent financial controls (Dunfermline Athletic FC Website, 2015). For the first time in 20 years, the club recorded a profit in 2016. A vital source of income for the club comes from its Centenary Club. The Centenary Club is a membership organisation in which individuals contribute £20 per month, and the money goes straight to the club's working capital. It is suggested by CEO Ross McArthur (RM) that this income is vital because there are no large investors to subsidise cash flow shortfalls (Dunfermline Athletic FC Website, 2014b).

4.5.10.2 Directors

There are eight directors on the DAFC board. All of the directors were appointed following the takeover from PUCIC three years ago. At the time of writing, Margaret Ross (MR)* is the only fan representative on the board; she was nominated for this position through the Pars Supporters' Trust. Ross McArthur (RM) and David McMorris

* Andrew Main is DAFC's current fan representative after being appointed in Jan 2017.

(DM) are the only official executive directors, while there is no clear distinction between executive and non-executive for the remaining directors (Dunfermline Athletic FC Website, 2016a). The demographic details of the DAFC directors are illustrated in Table 4.8.

Director	Role/Main Area	Background	Length of Tenure	Other Employment
Ross McArthur	Chief Executive	Corporate Finance	3 years	No
Bob Garmony	Chairperson	Construction	3 years	Yes
Margaret Ross	Fan Representative	Business Consultant	3 years	No
David McMorrine	Financial Controller	Retail Sector	3 year	No
Kip McBay	Commercial Director	Retail Sector	3 year	No
Jim Leishman	Football Issues	Football Manager	3 years	No
Ian Hunter	Finance Director	Corporate Finance	3 years	No
Billy Braisby	Hospitality	Construction	3 years	No

Table 4.8: DAFC Directors' Demographics

4.5.10.3 Governance Structure

DAFC's governance structure centres on RM. Although working in a voluntary capacity, RM takes on the majority of operational responsibility and is considered the club's Chief Executive. DM is responsible for controlling the club's finances, and therefore has significant involvement in the day-to-day business too. The remaining directors are tasked with oversight of RM and DM. However, these directors also take on responsibility for certain operational tasks. This means that their roles are not limited to non-executive oversight, and therefore, the hierarchical governance structure is subject to change because their roles are adaptive (Dunfermline Athletic Football Club Website, 2016b). Figure 4.5 illustrates the club's governance structure in its basic form.

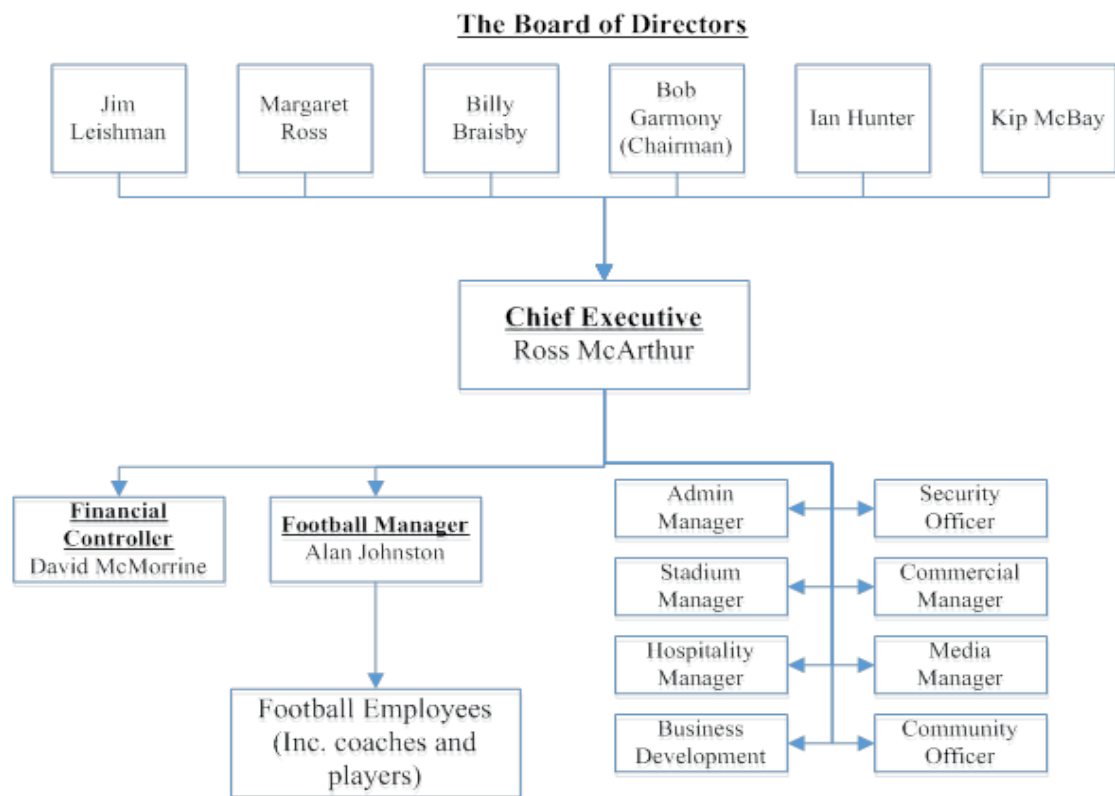


Figure 4.5: DAFC Governance Structure

4.5.11 *Overview of Cases*

The three case studies share a number of similarities and differences regarding their core business characteristics. Table 4.9 cross-tabulates the key characteristics of the three clubs. All three clubs are of a similar age, having been formed in the late 1800s. RRFC and DAFC are alike in almost every category outlined in Table 4.9. Their average attendances and revenues are closely similar. Moreover, they are both situated relatively close together in the Fife region of Scotland and they compete in the Scottish Championship. In comparison to the other two case studies, HMFC is a bigger football club. Its average attendance and turnover is superior, and it competes in the Scottish Premiership (World Football Statistics, 2017b). HMFC is also based in Edinburgh, which is a more densely populated and affluent location. All three clubs have at least one fan representative on the board and have fan involvement in their ownership (Supporters Direct, 2017).

Characteristic	HMFC	RRFC	DAFC
Formation	1874	1883	1885
Location	Edinburgh	Kirkcaldy, Fife	Dunfermline, Fife
Legal Structure	Public Ltd Co.	Private Ltd Co.	CIC
Stadium Capacity	17,420	8,867	11,480
Average Attendance	16,423	2,317	3,496
Turnover (2016)	£7.1	£1.29	£1.36m
No. of Employees (football)	40	31	35
No. of Employees (business)	20	6	6
League Level	Premiership	Championship	Championship
No. of Fan Representatives	2	1	1
% of Fan Ownership (transitioning).	75.1%	26%	50%

Table 4.9: Characteristics of Selected Cases

The strategies adopted by the three clubs are also similar. A key theme in the clubs' strategies is that they want to be a positive social force in their local communities. Table 4.10 illustrates the clubs' strategy statements, which were obtained from their respective websites.

Football Club	Strategy Statement
Heart of Midlothian FC	<i>"Since 1874, Heart of Midlothian FC has built a strong reputation as a family friendly club with a proud record of community involvement. We have a desire for Hearts to continue to build on its reputation as a positive social force in the community by working in partnership with many different local groups, charities, corporate partners and initiatives. This strategy is part of our commitment to build on our traditions as a family friendly club."</i>
Raith Rovers FC	<i>"[We aim to become] A well run, forward thinking community Club with sensible football ambitions and an infrastructure to deliver, which is active in Kirkcaldy, Glenrothes and the surrounding communities."</i>
Dunfermline AFC	<i>"[DAFC]... will work to deliver a programme of ongoing activity that will increase the relevance of our club to our communities, sustain and build our loyal support and introduce a new generation of young people to football and its wider benefits."</i>

Table 4.10: Strategy Statements.

The above strategy statements highlight a perception from all three of the boards that community engagement is of central importance to each club's future. In this study, 'community' refers to the people that live within the same city/town or geographical area of the football club. It is often cited that football clubs have a social responsibility to engage and add value to their communities (Giulianotti, 2002), and this appears to be a key factor in the strategies of the selected cases. Although 'community' can be understood as the fan base of a club (irrespective of where they live), it is defined more narrowly in this thesis to reflect the importance of local engagement perceived by Scottish clubs football clubs (Supporters Direct, 2017). Thus, there are distinct similarities between the cases concerning their strategic direction.* All three of the cases have at least one fan representative and meet all of the sampling criteria outlined in section 4.5.6.

4.6 Data Collection Methods

There are two important considerations for researchers when selecting data collection methods (Bryman and Bell, 2015). First, the methods must be consistent with the philosophical assumptions of the study. In this research, the collection techniques must not contradict the interpretivist principle that the understanding of a phenomenon is shaped by its social context (King and Brooks, 2016). Thus, the interpretivist view is that it is only possible to understand how social capital influences board effectiveness from the perspective of individual directors. This means that methods specialising in providing explanatory data and generalisation are not suitable for this study. Such methods generally include quantitative techniques such as surveys and experiments (Easterby-Smith et al, 2002). The present study, therefore, requires qualitative methods that can enrich understanding of social phenomena. The second consideration concerns the researcher's time and resource constraints. For instance, some methods, such as observation, are not logistically possible within this research.

In light of these issues, three data collection methods are chosen. The main data source is semi-structured interviews, which were recorded and transcribed. This is supplemented by documentary materials (such as club planning documents and board reports). Further,

* It is problematic to attempt to distinguish between Scottish football clubs on the basis of whether their strategy involves community engagement. The extent to which community engagement is a core principle of a club's strategy is difficult to measure, particularly given the likelihood that most clubs would claim it to be a core strategic principle (irrespective of whether it is cited in their strategy statements).

data were collected through online supporters' discussion forums, which is an alternative type of documentary data. The following sections discuss each data source individually.

4.6.1 Interviews

Berg (2007: 89) defines an interview as a "conversation with a purpose". Interviews represent the most frequently employed qualitative data collection technique, and provide the researcher with an opportunity to gain an insight into another person's view on particular issues that could not necessarily be experienced first-hand (Bryman and Bell, 2015). There are three different types of interview available to researchers: unstructured, semi-structured and structured (Harris, 2008). Table 4.11 describes each interview type.

Type	Format	Main attributes	When to use	Relevant in this study?
Unstructured	Checklist, interview guide	Uncontrolled and flexible. Explorative in nature and predominantly interviewee-led. Quality of data depends on interviewer's skills.	When a researcher wants to generate a rich and detailed account of an unknown phenomenon.	No. (The range and quantity of data is too wide with this approach. The present study has an established direction).
Semi-structured	Written interview script (or interview guide) which includes interviewer instructions.	Controlled with framework for comparing responses. Little room for exploration beyond established topics.	When the researcher has a research focus but wants to allow participants to expand on that focus.	Yes. (This approach allows a theoretical focus to be maintained whilst allowing interviewees to expand on particular areas they deem important).
Structured	Open ended survey questions that are based on a strict interview guide that is applied to all participants in the same way.	Highly controlled and quantitative driven. Detail of responses is specified.	This approach is useful when there is a specific research hypothesis and when dealing with larger populations (50+)	No. (Data would be too limited. Participants would not be given an opportunity to explain their views fully with this approach).

Table 4.11: Interview Methods. *Source:* Adapted from Saunders et al (2012).

Semi-structured interviews were selected as the most appropriate approach for this study. This method ensured that the direction of the interviews remained within the topic boundaries pre-established by the researcher, while also allowing participants to express personal opinions and raise any issues they perceive to be relevant. This approach was considered by the researcher to be most useful in terms of achieving the research aim and objectives, and was viewed as consistent with the research design and philosophical assumptions.

In total, 28 semi-structured interviews were conducted with 25 individuals. Of the 22 directors sitting on the boards of the three case studies, 18 were available for interview. Three follow up interviews were conducted (one from each case) to clarify and elaborate on key findings. Leaders of five key organisations (The Scottish Football Association (SFA), The Scottish Professional Football League (SPFL), Supporters Direct (SD), The Scottish Football Supporters Association (SFSA) and The Scottish Government) were also interviewed to gain an insight into the relevant issues from the perspective of industry experts. Further, two pilot interviews were conducted with appropriate individuals for the purposes of refining the interview questions and gaining background knowledge. All interviews were carried out face-to-face, and with the permission of the participants, recorded and transcribed. Interviews were conducted over a nine-month period and generally took place at the participants' offices. Prior to the interview taking place, participants were emailed a copy of the interview guide to familiarise themselves with the topic. All participants agreed to be named in the study. A total of 32.1 hours of audio recordings were accumulated. Table 4.12 (p.93) provides details of the interviewees.

As an initial step in the interviews, the researcher introduced himself and provided some personal background. The participants were then briefed on the aims and focus of the study. Following this, the researcher began to work through the questions on the interview guide (see Appendix I). The first set of questions were designed to gather information about the participants, such as their professional and working background and their length of tenure on the board. This allowed interviewees to be categorised and compared across demographic details.

Organisation	Director Name	Position/Key Area	Interview Length
Hearts FC	Ann Budge	Chief Executive/ Chairperson	1 hour 5 mins
	Eric Hogg	Operations Director	1 hour 2 mins
	Kevin Windram	Finance Director	1 hour 10 mins
	Donald Cumming	Fan Representative	55 mins 30 mins (2 nd Interview)
	Brian Cormack	Fan Representative	46 mins
Raith Rovers FC	Eric Drysdale	Chief Executive	1 hour 4 mins
	Alan Young	Chairperson	52 mins
	Tom Morgan	Commercial Director	50 mins
	David Wann	Fan Representative	1 hour 8 mins
	Gordon Adamson	Non-Executive	15 mins
	Tom Phillips	Non-Executive	2 hours 10 mins 1 hour 50 mins (2 nd Interview)
Dunfermline AFC	Ross McArthur	Chief Executive	1 hour 30 mins 1 hour 14 mins (2 nd Interview)
	Bob Garmony	Chairperson	55 mins
	Billy Braisby	Commercial Director	57 mins
	Kip McBay	Non-Executive	1 hour 5 mins
	Ian Hunter	Non-Executive	1 hour 10 mins
	David McMorrine	Shadow Director	1 hour 40 mins
	Margaret Ross	Fan Representative	1 hour 10 mins
SFA SPFL SD SFSA Scottish Government	Andrew McKinlay	Chief Operating Officer	55 mins
	Iain Blair	Operations Director	50 mins
	Andrew Jenkin	Organisation Head	51 mins
	Paul Goodwin	Co-Founder	1 hour 15 mins
	David Hamilton	Strategic Football Lead	1 hour 6 mins
Dundee Utd FC (Pilot Interview)	Stewart Fraser	Finance Director	1 hour 40 mins
Hibernian FC (Pilot Interview)	George Craig	Head of Football	2 hours 10 mins

Table 4.12: Details of Interviewees

The main set of questions was designed in accordance with the research aim and objectives (see section 4.2). Thus, questions focused on gaining an insight into the conceptualisation of board roles, perceptions of how features of social capital influence

board effectiveness, and perceptions of how different facets of social capital influence each other. Table 4.13 outlines a selection of the questions asked in the interviews that were intended to inform the research objectives and develop theory. The researcher first asked what roles the directors performed and took a note of them. Consequently, questions could then be asked about how features of social capital influenced their ability to perform the roles they mentioned.

Objective	Interview Questions
1. To identify the role of the board in Scottish football clubs.	<ul style="list-style-type: none"> • <i>Please describe what your role entails as a director of [insert Club name]?</i> • <i>How would you compare the role of a football club's board to boards in other industries?</i>
2. To establish how social capital influences board role performance.	<ul style="list-style-type: none"> • <i>What helps you to perform your [insert role name]?</i> Probe: <i>How important are your social connections in performing your [insert role name]?</i> Probe: <i>What role does trust play in performing your [insert role name]?</i> Probe: <i>How do things like a shared vision [or other cognitive attributes] influence your ability to perform your [insert role name]?</i>
3. To establish how social capital influences board dynamics.	<ul style="list-style-type: none"> • <i>How would you describe the working dynamic of your board?</i> Probe: <i>How does trust influence the working dynamic?</i> Probe: <i>How does a shared vision [or other cognitive attributes] influence the working dynamic?</i> • <i>How do fan representatives affect board dynamics?</i>
4. To identify how the three dimensions of social capital interact.	<ul style="list-style-type: none"> • <i>How do you strengthen your relationships with stakeholders?</i> • <i>How does trust develop [internally and externally]?</i> • <i>How does a shared vision [or other cognitive attributes] develop?</i>
5. To extend Nahapiet and Ghoshal's (1998) three-dimensional theory of social capital.	<ul style="list-style-type: none"> • <i>[Informed by questions in row above].</i>

Table 4.13: Research Objectives and Corresponding Interview Questions.

Questions were open-ended, which facilitated rich and elaborate responses from the participants (Bryman and Bell, 2015). The richness of a dataset is determined by the extent to which interviewees are willing to share their experiences (Patton, 1990).

Consequently, the researcher endeavoured to maintain a relaxed environment and assured participants that any views or information they considered confidential would not be incorporated into the study.

4.6.2 *Documentary Materials*

In the context of business and management research, a document is a textual record that provides additional information on a phenomenon of interest, and exists independent of the researcher (Bryman and Bell, 2015). Documentary materials are commonly used in case study research to supplement other forms of primary data (Corbetta, 2003). Thus, the value of documents lies in their ability to corroborate data gathered through interviews or observation (Yin, 2009). Table 4.14 outlines the main types of documents collected for each case study.

Document Type	HMFC	RRFC	DAFC
Club Website Articles	✓	✓	✓
Governance Planning Reports	✓	✓	✓
Ownership Planning Reports		✓	✓
Financial Reports	✓	✓	✓
Open Letters from Chairperson	✓		✓
Minutes from Supporters Meeting			✓

Table 4.14: Documentary Materials

Due to their particular relevance to the research aim, the governance planning reports were the most useful documentary materials. These documents were publicly available and provided details on the strategy that each board was pursuing, in addition to their general approach to governance. Ownership planning reports were also useful in providing the researcher with an indication of where the ultimate decision-making authority rested. Financial reports were obtained from Companies House, and they were helpful in highlighting the overall health of the clubs. Articles found on the clubs' websites assisted with providing background information on the cases. Finally, open letters from the chairpersons and minutes from supporters' meetings provided a useful insight into the extent and effectiveness of stakeholder engagement practices carried out by the boards.

4.6.3 *Supporter Discussion Forums*

Supporter discussion forums, or fan message boards, is the other key source of data used in this research. Although fan forums are a form of documentary material, they are discussed separately in this research due to their uniqueness as a source of information. The exponential growth of the internet during the 2000s has given football supporters a platform to express their views that was not previously possible (Millward, 2008). Prior to the 2000s, contributing to weekly ‘fanzines’ (a print magazine written from the perspective of supporters) constituted one of the only opportunities for fans to voice their opinions. However, online message boards are now commonplace, with most professional football clubs having a dedicated and independent forum (Cleland, 2013). Research shows that fans’ forums are increasingly popular, with many members spending up to 10 hours per week reading and posting responses (Clavio, 2008). Fans’ forums therefore represent a rich and easily accessible form of data where the key stakeholders of football clubs, the supporters, express their views on a myriad of issues. One issue that is prevalent on fan message boards is the work of a club’s board of directors (Millward, 2008), which is particularly pertinent to this study.

The supporter discussion forums for each of the case studies in this research were analysed for material relevant to the aim and objectives. Specifically, messages on the forums were searched for that corroborated, or contradicted, the interview findings. All three forums were publicly accessible and the researcher did not have to create an account. In order to locate pertinent material, a search function was used to identify posts containing key terms. For example, posts containing the terms ‘board’ and ‘community engagement’ were searched for in an attempt to find messages that supported the perceptions of directors that various community activities introduced by the boards are leading to a more engaged fan base. Approximately 65 relevant posts were found across the three cases. Screenshots were taken of the relevant posts and they were categorised under key headings in an online folder. This assisted the researcher with retrieving relevant material throughout the analysis process. The screenshots were taken of the text only, and personal details of the posters were cut out to preserve anonymity.

HMFC’s forum is called ‘Jambos Kickback’ and has approximately 23,300 members. Since its inception in 2006, 85,861 discussion topics have been started and 3,698,596 posts lodged (HMFC Kickback, 2017). RRFC’s forum is named ‘Raith Fan Talk’, which

has 3623 members and 193,523 threads have been posted (Raith Fan Talk, 2017). DAFC's fan message board is called DAFC.net (DAFC.net, 2017). No details could be retrieved regarding the number of members on this forum.

4.7 Data Analysis

According to Yin (2009), data analysis is the least developed feature of case study research. Generally, however, all qualitative data analysis involves a process of organising data and reducing it into key themes. This is done by applying codes to sections of the data and then condensing those codes where appropriate (Bryman and Bell, 2015). The analysis method adopted in this study is template analysis. The following sections justify the use of template analysis and describe the procedures taken.

4.7.1 *Template Analysis - Rationale*

Developed by Nigel King, template analysis is a thematic approach to qualitative data analysis that “seeks to balance flexibility and structure in how it handles textual data” (King and Brooks, 2016: 3). The basis of template analysis is that the researcher develops a list of codes (referred to as the template) that is organised into hierarchical form. Thus, the aim of the template analysis approach is to produce a structure of categories that can effectively capture the richness of a dataset (Brooks et al, 2015).

There are three reasons why template analysis is considered appropriate for this study. First, King and Brooks (2016) propose that template analysis is an adaptable technique that is compatible with various philosophical perspectives and research designs. Thus, adopting this approach ensures that there are no philosophical or methodological contradictions within the study. Second, template analysis does not have a fixed position on the induction-deduction continuum. Indeed, it can be adapted depending on the researcher's methodological approach. This is useful for the present study because the researcher is working with a particular theory in mind whilst still taking an inductive approach to theory building (Waring and Wainwright, 2008). Finally, template analysis was considered appropriate for this study because it facilitates an in-depth understanding of social phenomena. Whereas other qualitative approaches (e.g. content analysis) that allow the researcher to work with a pre-determined theory generally focus on the frequency of codes, template analysis encourages a deeper level of understanding by examining the meaning of the data (King and Brooks, 2016).

4.7.2 *NVivo Software*

The researcher used the computer assisted qualitative data analysis software (CAQDAS) ‘NVivo’ to assist with the analysis. NVivo is a software tool that improves the efficiency and effectiveness of qualitative data analysis. The software is designed for researchers working with large text-based datasets. It facilitates deep levels of analysis, in which disparate aspects of a dataset can be matched and linked to each other to help with answering the research questions (Bazeley and Jackson, 2013). NVivo allowed the interview transcripts, documentary materials and extracts from the fan message boards to be easily assimilated under common codes, known in NVivo as ‘nodes’. The software subsequently helped with comparing prevalent nodes within and across the cases. This assisted the researcher in visualising the findings and identifying commonalities and differences between the football clubs.

4.7.3 *Template Analysis – Procedures*

An important consideration for researchers using template analysis within multiple-case study research is whether to develop a template for each case, or whether to have a single aggregated template. King and Brooks (2016) suggests that there is no definitive answer to this, but argues that if there is a substantial degree of commonality between the cases, a single template is likely to be the most efficient choice. Given that the present study is exploring the effectiveness of three boards of directors in relatively similar organisations, a single template was used. King and Brooks (2016) propose seven stages of template analysis. Table 4.15 below outlines the stages and describes how they were applied to the present study. All three forms of data were integrated into the template analysis process.

Stage of TA	Application to Present Study	Example
Familiarisation with the data	The first stage of the analysis involved reading each interview transcript and documentary material twice. Moreover, audio recordings of interviews that occurred several months prior to the beginning of the analysis process were listened to again. Further, all of the audio recordings were personally transcribed by the researcher. This provided an opportunity to become closely familiar with the data.	

Preliminary coding	After familiarisation with the data, sections of the data that the researcher felt were relevant to the research questions were highlighted in NVivo and relevant coding labels were attached. This involved applying codes to data that corresponded to both <i>a priori</i> and <i>a posteriori</i> themes. <i>A priori</i> themes refer to the themes that emerged from the literature review. In this case, the main <i>a priori</i> themes related to the three dimensions of social capital. Following King and Brook's (2016) guidance, the preliminary coding stage was carried on a subset of six interview transcripts (two transcripts from each case).	<ol style="list-style-type: none"> 1. Community contacts 2. Business contacts 3. Trust 4. Social identity 5. Shared vision 6. Shared values
Clustering	Following the preliminary coding stage, <i>a priori</i> and emergent themes were clustered together into meaningful groups. Broad coding themes were used to encompass different sub-levels of particular phenomena relevant to the research questions. NVivo is an effective tool for the clustering of codes and assists in developing a structure made up of tree nodes (main themes) and sub-nodes (sub-themes).	<ol style="list-style-type: none"> 1. Structural social capital <ol style="list-style-type: none"> 1.1. Community networks 1.2. Business networks 2. Relational social capital <ol style="list-style-type: none"> 2.1. Trust 2.2. Social identity 3. Cognitive social capital <ol style="list-style-type: none"> 3.1. Shared vision 3.2. Shared values
Producing initial template	The clusters of themes formed the basis of the initial template. Thematic clusters were organised into a hierarchy that constituted a list of relevant themes. This list constituted the initial template. A conscious effort was made to keep the initial template relatively simple. As King and Brooks (2016) suggest, the initial template should not be too comprehensive as this can lead to a reluctance from the researcher to make changes despite the data demonstrating a need for modification. A copy of the initial template is available in Appendix II. Once the initial template was produced from the subset of six transcripts, the template was then applied to the remaining transcripts with all interview and documentary data labelled according to the themes in the template.	(See Appendix II)

Development of template	In the process of coding the remaining transcripts and documentation, modifications were made to the template whenever the researcher encountered data that was not accurately reflected by the template. Developing the template often involved inserting a new theme, deleting a theme, changing the scope of a theme or a combination of these.	1.1. Community networks [Was changed to...] 1.1. Community networks 1.1.1. Supporters groups 1.2.3. local community
Producing the final template	Once the template was applied to the entire dataset, and it was considered to reflect the dataset accurately, the template was finalised. In theory, the iterative process of re-coding and adapting the template could go on indefinitely, as there are always different ways of interpreting qualitative data. However, the researcher adhered to the ‘law of diminishing returns’ – whereby it was recognised that a small gain in the quality of the analysis is not worth further revisions to the template (King and Brooks, 2016).	(See Appendix III).
Writing up	Once the template was finalised, the researcher used it as a guide to interpret the data and organise the way in which the findings are presented. This process involved scrutinising the final template and looking for patterns between themes, whilst at the same time deliberating what the themes say about the issues and how it answers the research question. As King and Brooks (2016) suggest, the template was used as a guide in developing the findings and not the end-product in itself. Consequently, aspects of the template considered irrelevant to the research aim were ignored.	

Table 4.15: Stages of Template Analysis. *Source:* King and Brooks (2016).

4.7.4 *Validity and Reliability*

The last stage of the data analysis process involves verifying the study’s findings (Miles and Huberman, 1994). Bryman and Bell (2015) suggest that the criteria used to evaluate the validity and reliability of qualitative research is different to quantitative research. Whereas quantitative researchers seek to establish valid measurements of social

phenomena, the emphasis on qualitative researchers is to ensure that the interpretations they present are rigorously supported (Lincoln and Guba, 1985; Guba, 1990). Table 4.16 outlines the main strategies used in qualitative research to improve validity and reliability, and describes how such strategies have been used in the present study.

Strategy	Description	Application to Present Study
Triangulation of evidence	A technique used in qualitative research in which two or more sources of data are used to improve the validity of the findings.	Three main sources of data are used. Interviews, documentary materials (such as club documents and website articles), and online fan discussion forums.
Triangulation of sources	This form of triangulation refers to the use of a wide range of informants from diverse backgrounds and viewpoints. It allows different perspectives to be verified in light of each other.	In addition to interviewing club directors, industry experts from pertinent organisations (e.g. the SFA) were interviewed to draw comparisons and corroborate the views of the club directors.
Triangulation of researchers	This strategy involves two or more researchers discussing the accuracy of the coding hierarchy in an attempt to augment its reliability.	Discussions were had with two other researchers regarding the accuracy of the template and the subsequent interpretation of the data.
Member checking	Research participants review interview transcripts or drafts of papers to which they have contributed. This gives the participants an opportunity to confirm or dismiss the researcher's interpretation.	Interviewees were sent drafts of papers and were asked if they agreed or disagreed with the findings.
Response Confidentiality	Participants are given the option to remain anonymous. They are also reminded of their right to cease participation or refuse. This increases the likelihood of receiving honest answers.	Interviewees were asked if they wanted to remain anonymous. Further, they were assured that any matter of discussion they considered confidential would not be included in the study.
Thick descriptions	'Thick descriptions' refer to the provision of rich and detailed accounts of the culture and context of a phenomenon of interest. Guba and Lincoln (1994) argue that thick descriptions provide others with the ability to make informed judgements regarding the transferability of findings.	Comprehensive details of the Scottish football context are provided (see sections 4.5.8, to 4.5.10) and the findings chapters provide rich accounts of interviewees' perceptions.

Table 4.16: Validity and Reliability Strategies. *Source:* Adapted from Shenton (2004).

4.8 Research Ethics

According to Berg (2007), researchers working within the social sciences have a more important ethical obligation to the subjects of their studies than other disciplines. This is because social scientists study the behaviour of human beings, which often involves intrusion into their private lives and personal beliefs. In qualitative research in particular, there are important ethical considerations when the researcher becomes highly engaged with the participants (Miles and Huberman, 1994). The present study adheres to the ethical guidelines set out by Heriot-Watt University. The University is monitored by the University Ethics Committee, which establishes guidelines for research institutions and ensures ethical standards are maintained. The following sections briefly discuss the main ethical considerations underpinning this study.

4.8.1 *Harm to Participants*

Research that has the potential to cause harm to participants is generally considered unethical. There are two types of harm – physical and psychological – that researchers must consider in the context of their studies (Bryman and Bell, 2015). In the present research, there was no risk of physical harm to the researcher or participants at any stage of the process. In qualitative research, however, there is always a degree of risk relating to psychological harm. If appropriate precautions are not taken, interviews can induce stress or negatively affect the participants' self-esteem. To ensure such issues did not occur, interview questions were carefully reviewed so they did not pose any offense or embarrassment.

4.8.2 *Informed Consent*

The principle of informed consent refers to the practice of giving potential research participants a sufficient amount of information concerning the nature of a study so they can make an informed choice about whether they want to take part (Bryman and Bell, 2015). Two steps were taken in this study to ensure that the researcher received informed consent. First, the introductory email sent to participants included a clear description of the nature and aims of the study, how long the interview was expected to take, and informed them of their right of anonymity and refusal. The introductory email also asked whether participants would consent to the interview being audio recorded, and were

assured that any recordings would be stored on a secured server. The second step involved explaining verbally, prior to the interview, further details about the study.

4.8.3 *Confidentiality*

An important ethical consideration for researchers is whether their participants want to remain anonymous (Bryman and Bell, 2015). To ensure that the interviewees were given the right to privacy, the researcher explained verbally that they could remain anonymous. None of the participants stated that they wanted to remain anonymous. The researcher also explained that any issue or topic that the participants considered confidential would not be included in the study. Further, the participant database, audio recordings and interview transcripts were stored on a secure server.

4.9 Chapter Conclusion

This chapter has provided a detailed description and rationale of the methods used in this research to achieve the aim and objectives. From a philosophical perspective, the present study is positioned within the interpretivist paradigm. This was considered appropriate given the nature of the research aim, which is to understand rather than predict the relationship between social capital and board effectiveness. The multiple-case study design was selected as the most suitable strategy for this research due to the nature of the research aim. A qualitative approach to data collection is implemented. This involves conducting interviews and gathering data from various club documents and supporter discussion forums. King and Brooks's (2016) template analysis is used to analyse the data, which is an adaptable method that is compatible with a range of philosophical approaches and research designs. Table 4.17 summarises the key methodological designs taken in this research.

Area	Position of this Thesis
Philosophy	Interpretivism/Constructionism
Context	Scottish football
Phenomenon	How social capital influences board effectiveness
Research design	Multiple-case study
Unit of analysis	Scottish football club boards
Data collection	Interviews, documentary materials, supporter forums
Data analysis	Template analysis

Table 4.17: Summary of Methodological Decisions

Chapter Five: Heart of Midlothian FC Findings

5.1 Introduction

The findings of this study are organised into three chapters. Each of the three football clubs under investigation has an individual chapter that presents the details of its case. The findings attempt to address the research aim by illustrating how social capital influences board effectiveness within the three Scottish football clubs. For the purposes of this research, Forbes and Milliken's (1999: 453) definition of board effectiveness is adopted. The authors propose two criteria of board effectiveness: (1) board role performance, defined as the board's ability to perform its roles successfully, and (2) board dynamics, meaning the board's ability to work together as a cohesive group. Thus, to accomplish the aim, this research must ascertain how social capital influences the performance of board roles and board dynamics. Board roles are not standardised and can vary widely between organisations (Nicholson and Kiel, 2004). Therefore, an understanding of the specific roles required of a board is central to any assessment of board effectiveness. The set of roles incumbent on the three boards being studied are described in the forthcoming chapters.

To recap, this research adopts Nahapiet and Ghoshal's (1998) definition of social capital, which refers to the aggregate resources available through, and embedded within, relationships between people or organisations. The authors argue that social capital has three dimensions. This includes structural social capital (SSC), which refers to network structures and who can be reached by an individual or organisation, relational social capital (RSC), which concerns the quality of relationships and levels of trust, and finally cognitive social capital (CSC), which includes shared norms, values, attitudes and visions that predispose people towards collective action.

The present chapter focuses on the case of Heart of Midlothian FC (HMFC). The chapter begins with a broad discussion of the roles incumbent on its board. This is followed by an in-depth look into each specific role, before the extent to which social capital influences the board's ability to carry out those roles is analysed. The importance of social capital for board dynamics is then discussed. Finally, the process of how the three dimensions of social capital interact, before eventually influencing board effectiveness, is examined.

5.2 Board Roles

Assessing board effectiveness first requires an understanding of the specific roles for which a board is responsible (Nicholson and Kiel, 2004). To acquire this information, the HMFC directors interviewed for this study were asked to describe the roles they perform. It emerged that board roles in this case fall under four categories. These categories – strategy, resource co-optation, control and service – are consistent with the mainstream governance literature’s view of the board’s function (Aguilera, 2005; Minichilli et al, 2009; Van den Heuvel, 2006). It was stated by Ann Budge (AB) and Brian Cormack (BC) that the roles incumbent on specific directors are generally matched to their skill set. As the following quote suggests:

AB: “Donald [Cumming] has been a lawyer for years, and has expertise in company and tax law. It is handy to have that kind of knowledge, so any issues that come up of that nature he can help to deal with. And vice-versa, if there are any financial issues that will be Kevin’s areas.”

Despite this, there was a widely held view among the HMFC directors that there is also a degree of crossover regarding board roles. For certain board roles, multiple directors were said to be responsible. For example, although the finance director Kevin Windram (KW) is principally responsible for monitoring budgets, the Director of Football Craig Levein (CL) also plays an important role in monitoring the football-playing budget. Moreover, certain roles were widely suggested to be the responsibility of all directors, such as resource co-optation. The following sections discuss each of the main board roles individually, and analyse how social capital influences role performance.

5.3 Strategy Role

It was suggested in the interviews with HMFC directors that there are two aspects to the board’s strategy role. First, there is ‘strategy formation’, which requires the board to develop a long-term vision for the club. Second, there are ‘strategic activities’, which refer to tasks conducted external to the organisation with a view of achieving the strategy. Strategic activities are considered in this research to be distinct from operational tasks in that they do not influence the functioning of the business directly. This distinction has also been made in previous sport governance studies (Inglis, 1997; Shilbury, 2001).

Since Budge and her associates took control of HMFC in 2014, a new strategy has been put in place that emphasises the importance of community engagement and social responsibility (see section 4.5.11 for strategy statement). Thus, the strategy formation part of the board's strategic role took place in 2014, and it was not reported to be an ongoing activity by any of the HMFC directors.

A common theme in the interviews was that the directors considered the community-focused strategy to be the correct approach for two reasons. First, participants considered the emphasis on community engagement to be ethically appropriate, and second, this strategy was widely regarded by the directors to be advantageous from a commercial perspective. It is worth noting that ethical considerations were suggested to be the primary motivation for implementing this strategy. However, because the club's customer base primarily constitutes the local community and surrounding Edinburgh area, it is also suggested to facilitate customer retention. This point is explained by the operations director:

Eric Hogg (EH): *"I would say 100% that the reason we are doing it [implementing a community strategy] is because it is the right thing to do, because that is Ann's ethics and the rest of the board genuinely buy into it... But if you embed yourself in the community, one of the advantages is, you know, they are our core customers as well as our supporters, and hopefully the next generation will be too, so they will keep coming back".*

The view that community-focused strategies are beneficial commercially was further supported by Paul Goodwin (PG), head of the SFSA:

PG: *"At Stirling Albion we increased commercial revenue by 45% when it was owned by the community rather than owned by a benefactor. Because he was one person and people felt he was lining his pockets. And although it was a community club at its heart, always was, as soon as we took that away, and it was owned by everybody, there was a greater engagement, more people got involved... So there is not just anecdotal evidence, but there is actually hard facts that shows there is more revenue there with that strategy."*

5.3.1 *Community Engagement*

Although the directors did not consider themselves to have an ongoing ‘strategy formation’ role, they did perceive themselves to have a prominent role regarding ‘strategic activities’. In particular, it emerged that the board has an important community engagement function. AB explained that this role stemmed from the community-focused strategy established by the board in 2014. The role is argued by AB to involve the directors implementing various initiatives, and meeting with supporters and community groups, with the intention of making a positive impact on their lives and to enhance their experiences as HMFC stakeholders. According to Budge, performing this role successfully will help them achieve their strategy:

AB: “So as part of this strategy we [the board] need to be actively reaching out to everybody that is associated with the club and helping them in any way we can. We don’t want to just have a one way relationship where they give us money for their tickets and that is it. We have a lot of things going on to try engage with people and there has been a good response. All of this is part of putting the strategy into action. It’s a work in progress.”

Evidence from the interviews and HMFC’s website shows that a number of initiatives have been launched by the board in an attempt to improve levels of engagement with the local community. Table 5.1 below describes these initiatives.

Initiative	Description	Introduced
Club Museum	The Museum tells the story of the club’s history since its inception in 1874; there are books, artefacts and videos on display. Entry is entirely free to the public with a donations only policy.	2016
Memorial Garden	The Memorial Garden offers a peaceful, contemplative space in which to remember relatives and war veterans. Plaques for family members can be purchased for £215.	2016

Big Hearts Charity	Big Hearts Community Trust is the official charity of Heart of Midlothian Football Club. It has engaged over 27,000 people across Edinburgh and the Lothians and raised over £1.5M for community projects to date. In 2015, the focus was shifted to become a charity for families, supporting all generations within the community by leading, coordinating and facilitating meaningful activities where need is identified.	2006 (Refocused in 2015)
Walking Football	Walking Football is designed to help people keep or kick-start an active lifestyle despite their age, as well as getting those back playing football who had to stop due to injuries.	2015
Hearts Sports Injury Centre	The Hearts Sports Injury Centre is a brand new facility that is open to sports people of all ages.	2016

Table 5.1: HMFC Community Initiatives

Data analysis shows that social capital also has an important role to play for the board in performing its community engagement function. Specifically, CSC appears to be the prominent dimension. The process of how this occurs is now explained.

A common theme in the interviews with HMFC directors was that the implementation of a proactive community strategy represents a shift in the values underpinning the club following the Romanov era. All of the interviewees cited a desire for HMFC to be associated with family-friendly and community-focused values due to a perception that this is ethically appropriate for the club. According to the directors, various individuals and groups within the community have been drawn to the club since the 2014 takeover because they share these values. As the COO explains:

EH: “We have had a lot of good feedback from the community. They like what we are trying to do and buy into the values that we want the club to live by. People relate to it, they start to see the club in a more positive light and they want to be a part of it. There is a feel good factor”.

The above quote is indicative of a perception among the the directors that the club is now adhering to a set of values that resonate with the community in which HMFC is based. Given that shared values are a feature of CSC (Nahapiet and Ghoshal, 1998), the family-

friendly values that the HMFC board suggest are shared between themselves and sections of the community appears to be a manifestation of CSC. This is evidenced by the feedback directors have received, in which community members “like” and “buy into” the values the club is promoting. According to EH, shared values (meaning CSC) have subsequently led to greater engagement with the club from the local community who now “want to be a part of it”. Thus, CSC appears to facilitate the performance of the community engagement role by attracting individuals to the club with similar values. This point was supported by BC:

BC: *“I think the whole ethos of the Foundation and the values behind it are really appealing to people. People are sick and tired of the traditional approach to football where the owners live in a different universe, and I think that is why people are so keen to get involved with Hearts again and get behind us”.*

Further support for the suggestion that shared values between the club and board is leading to increased community engagement is found on HMFC’s own independent fan forum ‘Jambos Kickback’. There is repeated evidence on the forum of supporters showing admiration for the board due to the values they are embracing and imparting on the club. Moreover, there is evidence that this has led to many supporters increasing their commitment to the club and engaging with it to a greater extent than they have previously. For example:

Season ticket holder with my 11 year old son and my dad in the Main Stand. My son remarked tonight that there was a lot more younger kids at the game than usual and he was 100% right, a lot of dads with kids wearing the new home strip. This is a direct result of going up first time from the Championship and the club really engaging with the community. Absolutely brilliant and a clear indication that the club is heading in the right direction and has the potential to grow in the future. Ann and the rest of the board have done a great job in bringing these family friendly values to the club.

Figure 5.1: HMFC Forum Evidence – Values (1)

The soul of this club is rooted in history and the values traditionally associated with us are a product of our history. Some of these values have been threatened from time to time and not only by Vlad's tenure. The basic values though go much deeper than transient custodians of the club but what I would say is that the current regime are re-enforcing the traditional values and the contribution is so positive on so many levels. I have to admit that the work of the current board is giving me a feeling of "getting my club back" and I am as grateful for that as I am for being champions ... having both is really special. It is great from a community perspective and is the reason I plan on upping my pledge to the FoH.

Figure 5.2: HMFC Forum Evidence – Values (2)

These extracts from the forum provide support for directors' suggestions that shared values (which constitutes CSC) between the club and the community facilitates greater engagement. This is exemplified in Figure 5.1 where there is a recognition that the promotion of family-friendly values has resulted in more children attending matches. Moreover, the message in Figure 5.2 shows that shared values, and therefore CSC, has resulted in supporters engaging with the club to a greater extent on a financial level (as evidenced through an increased pledge to the FoH). Thus, the evidence from the forum further suggests that CSC facilitates the board's community engagement role.

There is further evidence that the community engagement initiatives, which represent a manifestation of the family-friendly values, have played a big part in increasing engagement levels with the club. In particular, the memorial garden, which opened in 2016, is argued by EH to have created a touching link between the club and local community:

EH: *"The memorial garden is great. It is an example of the kinds of things that football clubs can do to really make a positive impact in the local area. It is the kind of thing that people respect and will get behind you for".*

Evidence from the forum further suggests that many from the community are greatly appreciative of the effort the current board have made to oversee the construction of the memorial garden. For example:

We were down today, it was superb and the memorial garden is a must see. Well done to everyone at The Hearts. Huge credit to Ann and the rest of the board for making all these things happen. Doing a magnificent job.

Figure 5.3: HMFC Forum Evidence – Memorial Garden

The board's decision to build the memorial garden appears to the researcher to be a tangible illustration of the family-friendly values the board has imparted on the club. The interview and forum evidence suggests that these values are shared by community members (thus creating CSC between them), who engage with the club more as a result. Therefore, CSC appears to facilitate the board's role of community engagement, and therefore board effectiveness. It should be noted that the memorial garden project was conceived for altruistic purposes. However, the forum evidence displayed in Figure 5.4 suggests that a consequence of the creation of CSC is that it has inspired community members to not only to engage more with the club themselves, but also to bring family members who would not usually be interested in HMFC. Logically, an increase in the numbers of people engaging with the club is likely to have commercial benefits.

Been looking forward to going along to see the new museum & memorial garden. Done the stadium tour a couple of times with my old man, will be good to see what they've done re the museum, and the memorial garden looks classy yet understated. Gonna pop along to see both soon.
Not into her football but the mother wants to see the memorial garden, so she will be coming along too. It's great for the community.

Figure 5.4: HMFC Forum Evidence – Engagement

5.3.2 *Negative Influence of Social Capital – Community Engagement*

The previous section provides detailed evidence of how CSC facilitates the community engagement role, and therefore, augments board effectiveness. However, the data suggest that social capital also has a detrimental impact on the performance of this role. The process of how this occurs is now explained.

As the previous section discussed, the adoption of family-friendly values appears to have been effective in creating CSC with large segments of the community. However, evidence from the forum suggests that a particular demographic within the supporter base believe that such values have been too forcefully imposed on the club. These individuals do not appear to agree with the notion that HMFC should live by these values vigorously, and feel that the strategy to become an overtly family-friendly club has 'sanitised' the match-day experience. This appears to have resulted in such individuals disengaging from the club because they feel that the traditional social norms associated with football matches

such as singing, shouting, and antagonism towards opposing supporters, are being suppressed. The following excerpts from the forum illustrate this:

The JKB sweetie paper rustlers well & truly outed on this thread. They'd be better off spending 90 minutes at a monastery on a Saturday afternoon than nicking off down the footie for a bit of a laugh, singsong and abusing the opposition/officials (pretty much the essential building blocks of football supporting life). This march towards the family friendly environment is why I have lost interest in going to games these days.

Figure 5.5: HMFC Forum Evidence – Discontent (1)

Certain people want fans thrown out but still want to have an atmosphere. Not going to happen.

People just can deal with people nowadays. Of course supporters who overstep the mark deserve to be banned but some fans who are a bit rowdy get the high eyebrows treatment for daring to drum up a song or atmosphere.

The atmosphere was far better years ago, it wasn't always great but you'd always get a few songs even in matches v the Motherwell's and Dundee's of the world and the atmosphere in "cat A" games pisses all over what you get now...

I think back to the old terracing days.....could you imagine a group of boisterous mates turning up at Tynie now hoping to drum up an atmosphere?The tartan rug brigade would go mental.

The world is different, football is different but not always for the better. Ban trouble makers, vandals whatever but turning noses up at the slightest thing doesn't help..... This is why I don't go as much anymore.

Figure 5.6: HMFC Forum Evidence – Discontent (2)

Although the creation of social capital, by virtue of shared values, has encouraged greater engagement with the club for certain segments of the community, it appears to have disenfranchised others. This is illustrated through the various messages on the forum voicing opposition to the perceived aggressive implementation of the board's strategy (exemplified in Figures 5.5 and 5.6). Thus, in consideration of HMFC supporters that are proponents of an alternative kind of match-day experience to the family-friendly environment currently in place, the board's CSC with homogeneous members of the community appears to have isolated others, and therefore, it has been somewhat detrimental to their role in engaging the community as a whole.

A further illustration of how the board's CSC with likeminded community members has disengaged other relates to their decision not to incorporate a 'safe standing' section into the construction of its new stand. Safe standing sections are hugely popular across the continent, particularly with young people, and provide a match-day experience reminiscent of the 1980s prior to the introduction of football stadia regulation (Timbs, 2015). There is repeated evidence on the forum of HMFC supporters expressing their

frustration that the club has overlooked the possibility of introducing a safe standing area. Such supporters appear to feel that the board is against the idea because it does not fit with the family-friendly atmosphere they are trying to create. This is illustrated in Figure 5.7.

Doesn't fit with the cute cuddly big soft bunny wabbit image which our club strives to live up to these days - for that reason its a non starter regardless of supporter opinion.

More chance of a section with an integrated soft play area than a safe standing one now. Its a family day out don't ya know!

Figure 5.7: HMFC Forum Evidence – Safe Standing

Despite certain groups disengaging from the club because of the pursuit of an overtly family-friendly environment, the board appear to be satisfied that this is still the appropriate strategy for the club. Not only does it align with their own values and ethical beliefs, but it is suggested to be beneficial from a commercial standpoint. This is explained by one of the fan representatives:

Donald Cumming (DC): *“Before we can really kick on the image of Hearts has to be right. That is why Ann is so hard on the fans’ misdemeanours. It has to be a family friendly environment. Critics say it will become a sanitised experience, but that is just what has to happen if you want to attract corporate sponsors, that's something we want to be associated with.”*

Thus, although the strategic direction adopted by the board is likely to discourage supporters who value a certain form of match-day experience, it is suggested by DC to be neither commercially beneficial nor ethically appropriate to accommodate their needs. The notion that HMFC will benefit from moving on from the traditional norms associated with supporting football to become a more family-friendly and community-focused club is supported by key stakeholders. For example, Iain Blair of the SPFL argues:

Ian Blair (IB): *“They [Scottish football clubs] now need to offer something different. That is the challenge. They have to evolve, and part of that is they have to get a much closer link to their local community. Getting kids involved and making it a family experience.”*

This section has discussed the board’s strategic role, in which community engagement as a strategic activity represents the key task. CSC was suggested to be a beneficial resource

for this role. Specifically, shared values between the club and segments of the community has led to increased engagement, and therefore, board effectiveness. However, this is caveated by the disenfranchisement of certain supporters who enjoy an alternative kind of match-day experience.

5.4 Resource Co-optation Role - Sponsorship

The resource co-optation role refers to the responsibility of board members to provide their organisation with access to resources that it needs (Huse and Rindova, 2001). For the HMFC board, providing access to financial capital through sponsorship emerged as the main aspect of this role. This section will describe the importance of sponsorship for HMFC and discuss how social capital influences the process of acquiring it.

Documentary evidence from the club website shows that there are numerous opportunities to sponsor HMFC, such as advertising on the team shirt or on boards in the stadium. Given that Scottish football clubs receive limited broadcasting revenue (Morrow, 2006), sponsorship is suggested to be an important source of income that can separate clubs from their competition. This is pointed out by AB:

AB: "It is the commercial income streams that make the difference. Sure, you get money from media rights and the SFA and so on and so forth... but that is dependent on performance on the field. But the thing you can really drive is the commercial side and that includes sponsorship. A really big one is sponsorship."

Although sponsorship is an important source of revenue, acquiring it is not considered by the HMFC directors to be an easy process. This point is emphasised by DC:

DC: "It's scandalous how little... Edinburgh is the headquarters for a number of large companies, and none of them come near Hearts or Hibs - never have. That is something we are trying to change."

As DC indicates, the board appears to be focused on improving the club's sponsorship income. Sponsorship revenue is suggested to have suffered under the previous owner and the directors view it as a key source of income that can separate HMFC from its competitors. The importance that social capital plays in performing this function is now discussed.

Social capital appears to influence the board's pursuit of sponsorship in two ways. First, each director's network of contacts, which constitutes SSC, can be used to reach out to potential sponsors for the club. The majority of directors have strong business backgrounds in which they have built connections with individuals and organisations with significant financial resources. Directors described to the researcher how they use such connections to create sponsorship opportunities for the club. For example, DC explained that:

DC: *"She's [Ann Budge] been spending a lot of time going to events and speaking, we hope this will help with attracting corporate sponsors... I am getting my firm CMS to help a bit too, and we know a lot of contacts. We are going to get Ann to the office for a formal dinner to meet some clients. It's important to use all the contacts you have to try and help the club."*

This quote illustrates the utility of directors' networks in acquiring potential sponsors. Inviting AB, the club's CEO, to corporate dinners is suggested by DC to provide an opportunity to engage with organisations that may be interested in sponsorship deals. Thus, their network ties, which constitutes SSC, is shown to facilitate board effectiveness by assisting with the resource co-optation role.

The second way in which social capital influences the pursuit of sponsorship relates to the CSC generated by the club's community strategy and the values associated with it. It was stated by AB that FoH has a number of wealthy supporters who strongly support the plan and vision to transition to fan ownership. Because of their shared vision, it is suggested that such supporters are willing to offer finance to the club through sponsorship. Ann Budge provided an example of how a shared vision and values (which represents CSC) resulted in HMFC securing a sponsor for the team shirt:

AB: *"The Save the Children thing came around because there is some high net-worth individuals who are strong supporters of the Foundation and the fan ownership idea. Because of that, they have said if there is anything we need, they would be happy to help. I was having a conversation with one of these guys and he said 'what is your biggest challenge Ann?' And I said, 'at the forefront of my mind at the moment, is we have to find a sponsor'... So he came back some time later and said 'how would you like Save the Children on your shirt?' But I said 'how on earth is that going to work? A charity can't*

sponsor us'. He said 'no, I will broker the deal'. He wanted to support both us and the charity because he believed in what we were doing, so he made a donation to the club which was equivalent of a normal commercial sponsorship deal."

The evidence discussed here suggests that both SSC and CSC facilitate the board's role in recruiting sponsors, and therefore, social capital appears to improve board effectiveness. SSC achieves this by providing the club with access to individual directors' network of contacts. CSC appears to do this by motivating wealthy individuals to invest in sponsorship deals. Such individuals are encouraged to contribute to the club because they support the club's strategic direction, which represents the creation of CSC.

5.5 Service Role

The service role refers to the responsibility of the board to provide advice and counsel to top-level managers (Huse and Rindova, 2001). The data show that, with the exception of the two fan representatives, all directors play a significant role in advising senior management. Moreover, the senior manager that directors generally advise is suggested to be matched to his or her skill set. For example, Craig Levein, given his experience of working in football, has a strong role in working with the football team manager Ian Cathro on football related matters.* Kevin Windram, on the other hand, takes a leading role in advising head of finance Jacqui Duncan due to his expertise in corporate finance. The following quotation highlights this:

AB: "So a big part of the board's job is to help out the management team. Not just the football manager, but the people involved in the business side too. Obviously, the type of expertise you have is important for this. Some are more suited to the commercial side, but for developing budgets and so on that is much more Kevin's area."

Features of social capital were not cited as important resources by the directors for the successful performance of their service role. Knowledge and skills, however, are proposed to be critical for this role. A common theme in the interviews with HMFC directors was that the process of advising managers on best practice is a knowledge-based activity that requires directors to have a significant understanding of how different aspects

* Ian Cathro was dismissed as first team manager on August 1st 2017 after a series of defeats. On 27th August 2017, the club's director of football, Craig Levein, was appointed first team manager (thus combining both responsibilities).

of the business work. Therefore, there is less of an emphasis on the attributes of social capital dimensions such as contacts, trust and shared values. KW provided an example of what the service role involves for him:

KW: *“It is purely an advisory role. So in advance of the budget getting signed off, I will meet Jacqui to go through the re-forecast and really just cover off anything else from a financial perspective that she is concerned about or anything that perhaps from a business perspective that might be worth looking at. So you need the expertise to do that.”*

The above quote highlights a perception from KW that the knowledge and expertise of directors is the critical factor if boards are to carry out their service role effectively. Knowledge and expertise are commonly conceptualised as ‘human capital’ in the literature (Kor and Sundaramurthy, 2009). Thus, human capital, as opposed to social capital, appears to be the critical resource for the directors’ role in advising management. Thus, in consideration of the service role of the board, social capital does not appear to be an important antecedent of board effectiveness.

5.6 Control Role

A common theme in the interviews with HMFC directors was that it is the responsibility of all board members to play an active part in the control role. EH suggests that the control role involves observing the activities of senior management and reviewing budgets at board meetings held every two months:

EH: *“One of the most important jobs for any board, and we are no different, is to provide oversight of the management team. That doesn’t mean we follow them around to make sure they are not slacking. But everyone has targets they work towards and it is the job of the board to make sure that everyone is on track. From a financial perspective, that means reviewing budgets at board meetings every couple of months.”*

Similar to the service role, the interview data suggest that human capital is the dominant facilitator of the control role. There was a common perception among the HMFC directors that if the control role is to be performed successfully, it is helpful to have directors that are well-rounded in terms of their knowledge and expertise (and thus their human capital). Primarily, the reason directors considered this to be beneficial was that it allows them to

understand and challenge decisions that are being made in all areas of the business, rather than just a small area in which they have extensive experience. The following quote highlights this:

AB: *“You have to make sure that the individuals on the board... even though I am not a finance expert, if you are a finance expert I can't defer to you the whole time. I have to make sure I understand what is happening. So, it's gaining the specialist expertise from particular individuals but these individuals have got to be rounded enough to be able to challenge decisions that are made in different parts of the business... If someone is a big sales person, who is big on commercial, probably has a good delivery style, you need to understand it and challenge their ideas. If people are inhibited by that and don't want to challenge it, it's no use. So rounded individuals I think are much more valuable than specific experts are.”*

As this quote suggests, AB perceives well-rounded directors in terms of their knowledge to be critical if the control role is to be performed successfully. This view was shared by the other directors on the board, and it is a key theme within the HMFC case:

BC: *I don't think it is absolutely essential that directors have financial experience, although it certainly helps. It means you can understand balance sheets and that side of it. Generally, though, I just think it is important to have a broad understanding of the business so you can hold others to account.”*

The evidence presented in this section illustrates that human capital is the critical resource for the control role. In contrast, none of the HMFC directors cited any of the aspects of social capital as important antecedents of this role. Therefore, according to the data from the HMFC case, social capital does not influence board effectiveness in a meaningful way with respect to the board's control function.

This chapter has thus far described the roles performed by the board and how social capital, or other forms of capital, influence board role performance. CSC appeared to be particularly prominent and played an important role in the performance of the strategic and resource co-optation functions. The resource co-optation role was also facilitated by the SSC, through the connections of the HMFC directors. Despite this, social capital did not appear to be important for the board's service and control roles. In contrast, human

capital in the form of knowledge and expertise were argued by the participants to be the primary antecedents. The next section explores the second component of board effectiveness - board dynamics.

5.7 Board Dynamics

The second component of board effectiveness proposed by Forbes and Milliken (1999) is board dynamics, which refers to the board's ability to work together as a cohesive group. Board dynamics underpin the board's ability to carry out its roles, and thus, it must be analysed if a holistic understanding of board effectiveness is to be achieved (Nicholson and Kiel, 2004). The interview data show that social capital has a significant influence on the board's ability to work together cohesively. Both the cognitive and relational dimensions appeared to be highly relevant. Given that board dynamics concerns a closed group of directors, network ties, which constitute SSC, did not appear to have a meaningful influence. The following sections describe how RSC and CSC influence board dynamics, and therefore, board effectiveness.

5.7.1 *Influence of Relational Social Capital*

Trust was a concept frequently mentioned by directors when discussing board cohesion. There is consensus among the board members that, if they are going to work together as a cohesive group, they must be able to trust each other. Trust is considered critical by the participants because, as directors of the company, they are in possession of confidential information that could be detrimental to the club if leaked into the public domain. A common theme in the interviews was that HMFC is an organisation that attracts significant public attention. Thus, directors must recognise the importance of commercial confidentiality and their legal duties to the company, as the following comments show:

EH: "In many ways, the board of a football club is under a microscope. A lot of people are interested in what is going on at the club. You need to be really careful with any information that is remotely confidential."

This view was supported by the Andrew Jenkin (AJ), Head of Supporters Direct in Scotland:

AJ: *“As far as the board is concerned... confidentiality is something they need to be very serious about. You always hear that information leaks out of football clubs, and it is true. So you have to be smart to that.”*

A common theme among the HMFC directors was that when board members trust each other, they benefit from openness of discussion and transparency of information. It was explained that if there is an absence of trust, the CEO could withhold information from the rest of the board and make decisions without their input. This is argued to be undesirable because decision-making processes will not benefit from the knowledge and experience of all the directors. Budge expressed this point as follows:

AB: *“But the confidentiality thing is a big issue. And I think if the executives have any reservations about that, that will cause them to hold back. And then what you get is a two-tier board, which is not helpful for anyone because you will not get the openness of discussion that is critical if the board is to work effectively. We have been lucky in that respect, we have good people on the board.”*

A ‘two-tier’ board refers to a situation in which information is withheld from one or more of the directors on the board and decisions are made without their knowing. As AB suggests in the above quote, if a board becomes two-tiered, it means it is not working together as a cohesive group, and therefore, not satisfying the second criteria of board effectiveness. As trust prevents this situation, RSC appears to facilitate board dynamics, and by extension, board effectiveness. This point is further supported by BC:

BC: *“You have to be in it together, there needs to be trust. I think that is really important. If there is a lack of faith it would be easy for people to start keeping things from each other and that is not a productive way to do things.”*

Another issue highlighted by participants in relation to board dynamics was the potentially disruptive influence of fan representatives. Fan representatives are directors elected through the supporters’ trust to represent the views of the fans in board decisions. In contrast, the other directors, in HMFC’s case, are appointed by the majority shareholder (in this case AB) who will seek advice from other directors. These directors will be appointed on the basis of the perceived value they add to the board. Fan representatives are suggested by the HMFC directors to have a difficult role that requires

them to be the link between the board and the fans, which can entail a conflict of interest. It was suggested by AB, EH and KW that supporters want to gain as much of an understanding of the club's activities as possible, and therefore, fan representatives must ensure they do not compromise their legal duty not to reveal commercially sensitive information. It was pointed out by the interviewees that directors might be reluctant to share confidential information with the fan representatives because of their conflict of interest. Consequently, if a board has fan representatives, it is important they are trusted by the other directors. As the following quotes show:

AB: *"So you have to be 100% sure that anything discussed at the board, stays at the board. That can be a problem when you have got fan directors, so to speak. I have had to say, and make it very very clear, I know you are here representing the supporters, but you know, if you want to take anything out of the boardroom and discuss it outside, you have to get it cleared by the board first. And to be honest, our guys are excellent, they know what being a director involves. We don't need to hide anything from them."*

EH: *"They [fan representatives] have a tough job, you know, it is a big responsibility representing the supporters. You need to be clear about your legal duties to the company too, of course, and from the board's perspective you need to be able to trust that they [the fan representatives] do consider those things."*

As the above quotes suggest, if the whole board is to work together cohesively, it is important that the fan representatives are trusted by the other directors. If trust is not achieved, the board may suffer from a lack of transparency of information and openness of discussion that is considered by all of the HMFC directors to precipitate board cohesion and effectiveness. Moreover, the fan representatives' purpose, which is to promote the views of supporters in decision-making, would not be fulfilled. Again, this illustrates the importance of RSC for the directors if they are to work together cohesively and maximise the board's effectiveness.

5.7.2 Influence of Cognitive Social Capital

The importance of 'sharing a vision' was a recurring theme in the data concerning the board's ability to work together cohesively. As previously noted, a shared vision is a feature of CSC. It was frequently suggested in the interviews with the HMFC directors

that if the board does not share a common vision concerning the future of the club, it will be difficult to continue functioning as a board. The following quotations illustrate this view:

BC: *"You need like-minded people working in the same direction - it sounds very simple, but if you can have that, and what we've got now, is 6 people all with the same vision and all with the same 'can do' attitude. It's critical to have that if you are to work together and manage a successful company."*

EH: *"The directors all need to have the same vision, I suppose. They all need to buy into the vision. You will hear other people call that rubbish, and just say as long as you have the best people that you will be OK. But I genuinely believe that if you don't have everyone bought into the same idea, it won't work. If there is anyone on the board that does not agree with what the rest of the board are doing, for right or wrong reasons, if it is constant antagonism, it is not going to work."*

The reason a shared vision is considered critical by the directors relates to the board's decision-making responsibility. There is a common perception among the participants that if there is conflict among board members concerning the club's strategy, decision-making processes will be severely inhibited due to vastly contrasting opinions regarding the direction in which individual directors feel that the club should be going. Thus, a recurring theme in the interviews was that it is manageable for directors to disagree on tactical decisions, but conflict over the strategic direction of the club is not at all beneficial. KW illustrated this view as follows:

KW: *"After making a decision in the boardroom, I think an effective board then needs to go and implement that strategy... If an element of a board don't agree with a particular decision, to which they feel their position is fundamental, then I think that is where a board member has to work out whether they can fulfil their function. It is OK to disagree on details, but not on the overarching vision for the club. Otherwise you would just not get things done."*

The above evidence highlights the importance of sharing a vision if a board is to work together cohesively and make decisions efficiently. This supports the assertion that CSC has a strong influence on Forbes and Milliken's (1999) second condition of board

effectiveness. The next section discusses how social capital dimensions interact in the process of influencing board effectiveness.

5.8 Interaction of Social Capital Dimensions

This research investigates how social capital influences board effectiveness within the Scottish football context. Thus far, the analysis has focused on how individual dimensions of social capital influence the two criteria of board effectiveness outlined by Forbes and Milliken (1999). However, in order to extend social capital theory and generate a robust understanding of its influence on Scottish football club boards, the research must also establish how the three dimensions interact before eventually influencing board effectiveness.

The interview data suggest that social capital dimensions interact in two ways. First, CSC facilitates the development of SSC. Second, CSC facilitates the development of RSC. The facilitating effect means that high levels of one form of social capital causes an increase in other forms of social capital. Thus, CSC appears to be the building block for the other two dimensions, before they eventually influence board effectiveness. The process of how this occurs is now described.

5.8.1 *Cognitive and Structural Social Capital*

In section 5.3.1, it is explained how the HMFC directors perceive the family-friendly values implemented by the board to have attracted more people to the club. According to the directors, and corroborated by evidence from the fan forum, this is due to community members sharing those values and therefore wanting to engage with the club more as a result. Given that increased engagement with the club constitutes the creation of SSC (Nahapiet and Ghoshal, 1998), CSC in the form of shared values thus appears to build SSC. Such individuals have greater desire to engage with the club because they have a strong affection to the values the current board is promoting. This is exemplified in Figure 5.1, in which a supporter describes his intention to go to more matches and bring family along due to the values the board is imparting on the club. The following quote further illustrates this point:

KW: *“We had an event that was pretty critical. That obviously corralled people and then the board has managed to operate in a transparent fashion, according to a set of values*

that people relate to, that has then allowed people to feel quite proud of the club again and led them to really get behind everything we are doing.”

As this quote suggests, shared values has resulted in a growing network and therefore customer base for the club. Thus, their CSC helps to build their SSC, which in turn facilitates role performance and board effectiveness. Further evidence of a facilitating effect from the cognitive dimension to the structural dimension relates to the board’s ability to create contact with individuals with useful skills and resources. Directors discussed how the transition towards fan ownership, and the values underpinning the change, has resulted in the creation of contacts with individuals and organisations that can provide helpful services to the club. This is illustrated in the following quotations:

BC: *“I think he is still 100% behind it; he buys into what we are doing. He said ‘whenever you need my help, don’t hesitate’, and I said we would try to get him involved further down the line because it is worth having guys like that. He will be a useful contact in the future and can provide good information.”*

AB: *“We have been bowled over by the offers of trades etc. and we have already utilised people’s skills on a pro-bono basis... As well as pro-bono working, we have also had a number of people offer their goods and services at significantly discounted rates. We wouldn’t get that unless we had these values and were doing these things to reach out to people.”*

The above quotations further illustrate the facilitating effect that shared values (which constitutes CSC) have on the development of network ties with useful individuals who have skills or resources to offer the club. This build-up of social capital through the interaction of dimensions subsequently enhances board effectiveness through a reported improvement in board role performance. Specifically, the interaction between cognitive and structural dimensions appears to assist the resource co-optation role by helping to build contacts with the community and individuals or organisations with useful skills.

5.8.2 Cognitive and Relational Social Capital

The facilitating effect that CSC has on RSC is manifested in the directors’ descriptions of the internal dynamics underpinning board activities. It was established earlier in the

chapter that both trust (RSC) and a shared vision (CSC) are important factors in allowing the board to work together cohesively, and therefore, in maximising board effectiveness. However, although both of those dimensions were individually cited as having a facilitating effect on board effectiveness, there also appears to be an interaction between them in which CSC helps to build RSC. It was explained by the directors that when the board shares a vision of what they want the club to become or achieve, this leads to increased trust among the directors. This is illustrated in the following quote:

EH: *“We are relatively new to each other as a board, but I know everybody is here for the right reasons, to help the club do well and make a success of fan ownership. They’re not here just to wear the blazer, if you have heard that expression? So trust develops from that.”*

The expression *“here just to wear the blazer”* refers to individuals involved in football clubs who are motivated by prestige and status, rather than an affection for the club and a desire to see it be successful. This quote suggests that EH does not believe his fellow board members have those motivations. In contrast, he perceives them to have similar motivations and ambitions to his own, which is to make the club a success in its transition to fan ownership. This shared vision for the club constitutes CSC that subsequently leads to greater trust. Thus, a facilitating effect is established from the cognitive dimension to the relational dimension due to the recognition of mutual values and intentions. In turn, greater trust allows the board to work together cohesively and maximise its overall effectiveness. This is further supported by the following quote from AB:

AB: *“you build it [trust] by communicating openly with each other. It helps when you know each other personally too. If you have an understanding of your fellow directors’ intentions, and if you can relate to those intentions, you should not have trouble building trust.”*

5.9 Chapter Conclusion

This chapter has presented the findings for the first case study club, Heart of Midlothian FC. The chapter began by providing an overview of board roles. Following this, the influence of social capital on each specific role was described. CSC appeared to be a particularly useful resource, in that it facilitated both the strategic and resource co-

optation roles. Factors such as shared values, beliefs and visions were argued to be crucial for board role performance. Despite that, CSC also appeared to have a negative influence on the board's strategic role in engaging certain segments of the club's community. SSC appeared to be pertinent for the resource co-optation role by providing network access to potential sponsors. The board's service and control roles were suggested to rely on features of human capital such as knowledge and expertise, while aspects of social capital were not considered important by the directors. In sum, social capital was argued to be important for external board roles, while human capital emerged as the dominant resource for internal board roles. RSC and CSC, as individual dimensions, were found to have a strong effect on board dynamics. In terms of the interaction of dimensions, CSC was shown to be the main dimension in building other forms of social capital, before eventually influencing board effectiveness.

Chapter Six: Raith Rovers FC Findings

6.1 Introduction

This chapter presents the findings of the second case study football club, Raith Rovers FC (RRFC). The chapter follows a similar structure to the previous chapter. It begins by providing an overview of the roles incumbent on RRFC's board. The chapter then discusses how social capital influences the two criteria of board effectiveness set out by Forbes and Milliken (1999): (1) the board's ability to perform its roles successfully, and (2) the board's ability to work together as a cohesive group. Finally, the process of how social capital dimensions interact, before eventually influencing board effectiveness, is examined.

6.2 Board Roles

As indicated previously, in order to understand how social capital influences board effectiveness, the specific roles incumbent on the board must be identified (Nicholson and Kiel, 2004). To source this information, RRFC directors were asked to describe the roles they performed in the interviews. Numerous roles were described that are suggested to vary in terms of workload and in terms of the skills needed to perform them. The interview data show that the board's roles can be divided into four areas. Three of these areas – strategy, resource co-optation and control – are consistent with the mainstream governance literature's view of the role of the board (Huse and Rindova, 2001; Van den Heuvel et al, 2006).

The fourth role area, however, is not consistent with the mainstream literature and relates to the board's responsibility to perform operational duties. For instance, it was claimed that the fan representative (Gordon Adamson) doubles up as a match-day announcer, Tom Phillips (TP) organises the under 20s development team, and Tom Morgan (TM) oversees match-day hospitality. The data suggest that all of the RRFC directors assist with the club's day-to-day activities whenever they have the time and skills to do so. Thus, there does not appear to be a clear distinction between executive and non-executive directors. TP describes this situation as follows:

Researcher: *“Do the directors get involved in the day-to-day running of the club?”*

TP: *“Almost all of us do, yes. I would say that that in terms of the day-to-day business, Val McDermid and John Sim are less active. But almost everybody else. One of them is our chief executive anyway, Eric Drysdale. So he is in overall charge at match days and throughout the club. But I think every board in Scottish football at our level is active to a certain degree, dealing with things as and when they come up. Very few board members purely attend board meetings, and come and watch the odd game. Most people in clubs the size of Raith Rovers down are quite active in the running of the organisation.”*

The above quote exemplifies a widely held perception among the RRFC directors that the board has an important operational function. Further, the quote from TP indicates that this role is carried out on an *ad hoc* basis, meaning they deal with things “as and when they come up”. Thus, the board’s operational role does not appear to be clearly defined. Instead, it appears to involve the directors being responsive to any issues that arise within the club on an *ad hoc* basis. A common theme in the interviews was that the board is required to carry out operational tasks because they have limited access to financial and human resources. The following comments from DW highlight this:

David Wann (DW): *“So as you can imagine, revenues for a club this size aren’t significant. So you need to make up for that in other areas, a lot of the time the directors need to step in and take care of day-to-day stuff.”*

6.3 Strategy Role

The data show that there are two aspects to the board’s strategy role. First, there is ‘strategy formation’, which requires the board to develop a long-term vision for the club. Second, there are ‘strategic activities’, which are generally conducted external to the organisation with a view of achieving the strategy. The board underwent a period of strategy formation in 2015 and published the strategy on the club’s website in September of that year. ED, who has been on the board for 18 years, claimed that this was the first time the club had published a formal strategy for the public to access since he has been a director. The vision statement reads as follows:

“[We aim to become] A well run, forward thinking community Club with sensible football ambitions and an infrastructure to deliver, which is active in Kirkcaldy, Glenrothes and the surrounding communities.” (Raith Rovers FC Website, 2015).

It was frequently mentioned by the directors that it is important and beneficial for RRFC to be labelled a ‘community club’. Participants offered two reasons for this. First, being a ‘community club’ is claimed to be the socially responsible and ethically appropriate course of action. A common theme in the interviews was that social responsibility, in this context, refers to a need for the club to add value to the wider community rather than simply using it as a means to generate finance. It was suggested by TP that the club is the cornerstone and “pride” of the community, and therefore, the board has a responsibility to prioritise it and give it consideration. As this quote suggests:

TP: *“When you are a club like Raith Rovers in a small town like Kirkcaldy, you are such a big part of the community, the pride of the community in many ways, so you have a responsibility to give back and show that you care.”*

The second reason why becoming a ‘community club’ is important concerns the potentially positive commercial implications. It was explained by both DW and ED that because RRFC’s core customer base is composed of the local community and surrounding areas, it is logical to engage with them in as many ways as possible if they are to continue to buy tickets and merchandise. The following quotes illustrate this point:

Eric Drysdale (ED): *“So from 1998 when I got involved through to 2011, it was almost exclusively firefighting month to month. It was all about getting money in to pay the bills to keep the thing afloat. During that lengthy period, the community was disregarded. Completely disregarded. It was taken for granted. And we paid the price, because a lot of people stopped coming. We have smartened up to that now.”*

DW: *“We realised that it was totally to our advantage and our business model to be termed a community club... We need to be reaching out to it all the time, be an ever-present figure in the town. That might then lead to more people coming to a game and buying a scarf, or whatever else.”*

Support for the assertion that engaging with the community may lead to commercial benefits through improved ticket revenue was found on the RRFC online supporters' discussion forum called 'Raith Fan Talk'. There is repeated evidence on the forum of supporters reacting positively to the board's attempt to engage with the community, and that they think this will lead to increased match-day attendance. For example:

Its good to see this kind of communication from the board , we have all been asing for it for long enough , im pleasd the club has delivered .

I'm also very pleased with the latest community work the club has done going on tour with the cup to schools and local community events .

I hope they can follow through on all of this and continue to build on the foundation that have been laid .

Thanks and keep up this kind of good work , it will help draw in more crowds in the long run .

Figure 6.1: RRFC Forum Evidence – Engagement (1)

Fantastic to see the efforts of Laurie and accompanying players are doing, visting the local youth teams and engaging with them, sowing the seeds for supporting the Rovers.

Laurie with his infectious enthusiasm is a massive asset to our club.

This can only help towards the club strategy of growing the supporter base.

Figure 6.2: RRFC Forum Evidence – Engagement (2)

6.3.1 *Community Engagement*

The strategy statement described in Table 4.10 shows that a central component of RRFC's strategy is to be embedded in the local community. Following this, the interview data suggest that the fundamental aspect of the board's strategic role is to implement initiatives that encourage community engagement – hence DW claiming: “we need to be reaching out to it all the time.”

Examples of initiatives introduced by the board include ‘walking football’ for elderly people, football training at weekends for schoolchildren and The Raith Rovers Community Foundation (TRRCF). TRRFC is a registered charity and is described by DW as the “community arm” of the club. It was set up to drive the club's community strategy, and it does this by organising social events and health programmes. Introducing TRRCF and similar initiatives is interpreted in this research to be an example of the board conducting ‘strategic activities’.

To achieve the research aim, this research must establish how social capital influences the board's ability to perform its strategic role of community engagement, and it is to this issue that this section now turns.

The interview data suggest that social capital influences the community engagement role in two ways. The first way concerns the utilisation of directors' individual networks (which constitute SSC). In particular, TP's and DW's networks were claimed to be useful for this role. Both TP and DW previously served as fan representatives. However, at the end of their terms the board unanimously invited them to continue as non-executive directors due to the knowledge and expertise they possess. TP is employed at the local council in the community development department, and DW recently retired from the Higher Education Council. TP and DW explained in the interviews that their backgrounds have helped them to gain a strong understanding of the local community and develop a network within it. It was further explained that directors who possess these attributes are valuable to the board in furthering its community strategy, and as such, their 'community expertise' was the reason they were asked to continue. The following quotes highlight this:

DW: *"Funnily enough, so that is me ended that period of representation of the fans, and the board has invited me to continue because there are other projects, engaging with fans and such like, that I am suited to because of my connections with a lot of different community groups and organisations."*

TP: *"I've always had a relationship with the community and a good network within the community, stemming from my job with the council. Because I am involved with a lot of the youth groups, it is easier for me then to promote the different things the Community Foundation is doing and get young people involved."*

The above quotations suggest that directors' networks benefit the board by assisting with the performance of its community engagement role. The directors use their connections with community groups to promote activities run through TRRCF, which subsequently leads to increased engagement. Network connections are the quintessential aspect of the structural dimension of social capital, and therefore, this evidence illustrates how SSC facilitates board effectiveness by operationalising TP and DW's community contacts for the benefit of RRFC.

The second way that social capital appears to influence the community engagement role concerns the RSC of RRFC as an entity in itself. DW argues that TRRCF has been successful in increasing community engagement, and that this success can be attributed to its ability to use RRFC's 'brand' to promote itself. He suggests that the club is respected in the community, and therefore, people are more likely to participate in initiatives that are associated with it. Thus, despite TRRCF being a separate legal entity, the board's role in promoting community engagement through TRRCF is aided by its association with the RRFC 'brand'. The following quote illustrates this:

DW: *"The football club opens doors to various aspects of the community, because of the label. People will take an interest, newspapers will do an article. Just because it's the football club they are doing it, whereas if you were just a bunch of people getting together and doing community things, you would not get the same level of interest. So you get a door opened to you because you are Raith Rovers. You are respected, the badge opens the door."*

The notion that individuals are more likely to get involved in community initiatives associated with RRFC because they respect the club can be linked to the theory of social capital. In particular, this idea is linked to the relational dimension of social capital. RSC concerns the strength and characteristics of relationships. Although RSC generally encapsulates levels of trust, concepts such as respect and identity are also relevant (Nahapiet and Ghoshal, 1998). As DW indicates, RRFC is respected by community members (which can be understood as possessing high levels of RSC), and this makes them more likely to engage with TRRCF. Therefore, it appears that the board is using the RSC attached to the club itself to facilitate their community engagement role. In turn, successful performance of this role means they increase their effectiveness as a board. The notion that TRRCF programmes are more attractive to the community because they are run in association with the club is supported by TP:

TP: *"There is a greater interest, I would say, because the programmes are run in partnership with the Rovers. You know, 'Come along to Stark's Park!' has a bit of a ring to it!"*

Further support for the notion that TRRCF initiatives have benefited from association with RRFC, and therefore the club's RSC, is found on the supporters' discussion board.

For example, Figure 6.3 provides an example of a situation in which a member of the community is more likely to take part in walking football because it is being run by RRFC, which the person thinks will lead to it being “organised well”. Believing that the event will be “organised well” because RRFC is coordinating it suggests that the individual has expectations of the club, which constitutes a form of RSC.

I read about this in a flyer handed out at a Rovers home game, to do with community activities. Has anyone any idea if this is going to happen as I am of the age that this is about as fast as I could go(left it open for the abuse I will no doubt get). I am interested if it is local eg Kirkcaldy any night of the week suits me cheers. If it is run through the club it should be organised well, and be a good laugh.

Figure 6.3: RRFC Forum Evidence – Supporter Expectation

The evidence presented so far in this chapter shows that social capital is a beneficial resource for the board’s strategic role. The process through which this occurs involves both the SSC of individual directors, and the RSC of the club itself. Thus, social capital appears to influence board effectiveness on multiple levels.

6.4 Resource Co-optation Role

Resource co-optation refers to the board’s role in providing the club with access to resources (Huse and Rindova, 2001). The interview data suggest there are two main aspects to this role for RRFC – sponsorship and succession planning. Sponsorship involves finding organisations or individuals that are willing to invest financial capital into the club in return for advertising exposure in the stadium or on the team strip. Succession planning involves the co-optation of human resources. This means identifying and recruiting individuals for club positions (including directorships) both internally and externally. The next section expands on the board’s sponsorship co-optation role and explains how social capital influences task performance.

6.4.1 Sponsorship

TM is the ‘commercial director’ at RRFC and is therefore responsible for overseeing the club’s commercial activities, in which sponsorship is a prominent aspect. TM expressed the importance of sponsorship for RRFC as follows:

TM: *“We need to push, push, and push. May, June and July are probably the three busiest months [for sponsorship]; it is a really important source of income for the club, it’s not*

like we have loads of TV money. When the team is off, we are getting things ready for next year - because the advertising boards all have to be bought again."

In addition to highlighting the importance of sponsorship to the club, TM points out that it is a challenging area of the business:

TM: *"Trying to encourage people [to sponsor the club] is our problem... If we were sitting top of the league and scoring lots of goals, my job would be dead easy – because everybody wants to be associated with success. But we aren't, so it can be difficult."*

Given the importance and difficulty of procuring sponsorship, as highlighted by TM, it is necessary for this chapter to examine how social capital influences performance of this critical board role.

A common theme in the interview data, and in particular the interview with the commercial director, was that directors' networks are important when looking for suitable sponsors. TM explained this as follows:

TM: *"To do it successfully [generate sponsorship income], you need to have a thick skin, and what's more important, you need to know who to talk to. There is no point phoning someone up just for them to put the phone down on you."*

R (Researcher): *"Do you have a good network for that then?"*

TM: *"Well, I worked in financial services for 30 years, which has given me a network of sorts. I have used that network quite often to reach out to different people and companies that might be interested in sponsoring The Rovers, mainly small-medium sized firms in the Fife area, with a bit of success."*

The importance of networks for sponsorship acquisition was further emphasised by TP:

TP: *"For sponsorship it tends to be people you know, or our commercial team will know them. They will know people in the area who might be interested in the club. So a lot of it is personal contacts and knowing who to go to."*

As explained previously, directors' networks represent SSC. Thus, the above extracts shows how SSC, as manifested through directors' networks, can facilitate board effectiveness by providing access to potential sponsors for the club.

The interview data further suggest that certain features associated with CSC are pertinent for the board in performing its sponsorship role. In particular, DW suggests that the club's values are useful in attracting potential sponsors:

DW: *"The Community Foundation embodies the principles of Raith Rovers, and I suppose it shows what kind of values the board is trying to promote. Of course, this can be beneficial to the club. There will be commercial companies that will say 'aha, I don't really want to support football, but I do want to support the community, so if you are doing this, you will get my support'."*

DW argues that the principle of being community focused may encourage commercial companies to sponsor the club, because they share a desire to support the community. Such shared values represent CSC between the board and the companies. It is this CSC, built on a shared desire to give back to the community, which is suggested to result in an increased interest in sponsoring RRFC. Therefore, CSC appears to facilitate board effectiveness by attracting sponsors with similar values. A similar point was also made by TP:

TP: *"I think a lot of our sponsors want to get a wee bit of advertising out of it, a wee bit of business out of it. But as well as that, they are doing it because they also want to be part of the community; they are bought into the whole community idea."*

This section has discussed the board's role in securing sponsorship for RRFC. It is suggested by directors to be an important yet challenging aspect of the business. Social capital was found to facilitate this role in two ways. First, SSC provides access to potential sponsors through directors' networks, and second, CSC provides access through shared values between the board and companies.

6.4.2 Succession Planning

Succession planning, in this study, refers to the internal and external recruitment of new directors to the board. Given the dispersed ownership structure of RRFC, multiple parties

are involved in deciding who sits on the board. For the fan representative position, the Raith Supporters' Trust holds an election in which any of its members can stand. For the other positions, however, the main shareholders – Mario Caira, the Hutton family and John Sim – hold the most power over decision-making. Nevertheless, the interview evidence revealed that such decisions are made in cooperation with all board members.

A recurring and prominent theme in the interviews was that it is difficult for RRFC to recruit new directors to the board. This is particularly true for the director positions that have the most involvement in the day-to-day running of the club – namely the chairperson (who doubles up as finance director) and the commercial director. As the chairperson, Alan Young (AY), explained:

AY: "In terms of succession planning, I really don't know. From my point of view, I came in as chairman back in December 2014, saying to myself - I am looking at this for maybe 2 years and then want to be moving on. But it is coming up for two years and I can't say that I have anybody in mind who could be my replacement. You may say that it is not my choice, and you're absolutely right it is not, but at a small business like this you have a role in these things - and at the moment I don't know. The tricky ones are my role, the chairman, and also the commercial director."

It emerged in the interviews that all directors are volunteers, and there was a view among the participants that this was the reason it is difficult to recruit. Positions on the RRFC board require individuals who are willing to do the job without remuneration, have skills the board needs and have sufficient time to spare in their personal lives. As AY discussed:

AY: "One of the easier areas of expenditure to put in the budget is directors' remuneration, because there is no thought required – it is zero! That is all we can afford. And it does make it difficult to attract people. That is a problem area I think. I think everybody on the board is in their late 50s or 60s, and retired ... Ideally, we would get some younger blood in, but you need to have the time to spend. Young people who have the skills we need also have jobs and families; you can only do so much."

The interview data indicate that the club's reliance on volunteers may leave the club in a vulnerable position if, for whatever reason, the directors who have a greater involvement

in the day-to-day activities of the business are no longer able to provide their services. ED illustrated this point as follows:

ED: *“Because I don't think clubs, certainly of our size, have any sort of succession planning to speak of, or developed HR function or anything like that. It is all just ad hoc, in case of need. I suppose that can present challenges. The perfect example is, the club used to have a guy called Bob Mullen who took care of the admin side. This was before I was CEO. He had a brain aneurysm in the summer of 2012, so he was seriously ill and thought he was not going to make it. He was off for 6 months. During that time, we had to keep things going. I did some of it, but we needed to get someone who was here to deal with the shit, for want of a better word. The day-to-day stuff. And it just so happened, that there was a guy that just retired, who was a supporter, that would come in and do it. There was no planning for it. The guy came in and did a decent job, but it was a temporary situation and we were very fortunate to have him, otherwise I don't know what would have happened.”*

The above quotation suggests that succession planning is a challenging facet of the board's role. Primarily, this is proposed to be because there are few individuals known to the board who are willing to work without pay, who also possess the required skills, and have sufficient time to carry out the role. This chapter will now move on to the discussion of how social capital influences the performance of the succession planning role.

In consideration of how difficult succession planning for board positions can be, a common theme emerging from the interviews was that directors must utilise their networks to identify suitable candidates. This is illustrated in the following comments:

TM: *“To be an effective board, the directors need to be in and about the community, and wherever they come from in their line of work, they need to be speaking to people they have been involved with before – whether that be to get them involved, or for investment or whatever.”*

DW: *“In terms of bringing new people on board, it can be difficult. Obviously, the fan representative is elected. But for other positions where we might need a particular skill or expert, it is all about speaking to people in the community, using your contacts to sound people out, and gauging whether they have what it takes to help us.”*

Similar to the sponsorship role, directors' networks (and therefore SSC) were reported to be important for the board in performing its succession planning role. This is illustrated by the above quotations that suggest directors must draw on their own networks to "sound people out" for board positions. Consequently, social capital can be seen to facilitate board effectiveness, which, in practice, means making effective use of the pre-existing contacts of directors.

Following on from the notion that directors must exploit their own networks to assist with director recruitment, TP argues that it is beneficial if the board has access to diverse networks that reach into different business sectors and segments of society. In particular, having access to community-based contacts, and not just corporate contacts, was reported to be important:

TP: *"When I first joined the board at Raith Rovers, I was the only person who had any involvement with the wider community, the others were just businessmen. They only knew business, and business contacts and business networks. That's how the club was run, business contacts would take an advertising board, they would take up director positions. No one understood, as a concept, that the football club could benefit from having community people involved. After the crisis in 2005, the model changed. It is totally different now with guys like Dave Wann, the fan representative, and myself on the board."*

The above quote indicates that the RRFC board has become more diverse in recent years, with individuals from different working backgrounds becoming directors. This has resulted in the board gaining access to more heterogeneous networks than before. It is further suggested by TP that having community-focused directors makes it easier to identify other individuals from this demographic who may be valuable directors:

TP: *"Because I am involved with the Supporters' Trust and community development, I suppose I am in a good position to identify more guys with that kind of background that might have something to offer the board - I don't want to be doing this forever! Whereas the likes of John Sim, head of KPMG, doesn't really have that connection. Having a balance of community people and business people is something we all recognise to be key for Raith Rovers if we want to be successful."*

TP's claim that the board recognises the importance of having both community and business experts on the board is supported by directors with corporate backgrounds such as ED and TM:

ED: *"If we want to develop, it's not enough just to say we want to become a 'community club'. We need to let our actions do the talking. Things like the Community Foundation. Having a fan representative and community leaders like Tom on the board – all of that is crucial."*

TM: *"Football has changed a lot and you need to stay with it. It is great to have people like Val McDermid on the board, who is a world-renowned author. Having guys like Tom is important too with his association with the community and Trust."*

It was established in section 6.3 that becoming a 'community club' is RR's strategic aim, and this strategy was argued to be beneficial from a commercial perspective. Therefore, as the evidence presented in this section shows, having a balance of individuals from community and business backgrounds is an important step towards achieving that aim. Further, having directors on the board such as TP makes it easier to recruit other individuals who possess 'community expertise', because they spend more time participating in community organisations such as the Supporters' Trust. Thus, it appears that for the board's role of succession planning to be performed effectively, directors' SSC must be utilised, and importantly, there is a perception among the RRFC board members that it is beneficial if their SSC is heterogeneous.

6.5 Control Role

The control role refers to the board's responsibility for overseeing budgets and management activities (Huse and Rindova, 2001). As illustrated in Figure 4.4, RRFC do not have an established layer of senior management. ED, as the chief executive, takes on the majority of the operational responsibility, while the football manager is in charge of all football-related issues. As discussed in section 6.2, the board also takes on an *ad-hoc* operational role.

Given the lack of senior managers in the organisation, the board's control role is predominantly focused on ED and the football manager. According to TP, in terms of

ED's performance, the control role primarily involves reviewing a 'Chief Executive Report':

TP: *"We have a monitoring function that involves reviewing a Chief Executive Report every time we meet as a board. He reports on activities that have been happening in and around the club. The report will also cover our financial situation. At almost every board meeting we are given a cash flow update for the rest of the season, we budget right to the end of the season, we have a two-page spreadsheet that gives us various budget headings, and we have projections and actuals."*

In terms of monitoring the football manager's performance, the control role involves a question and answer session with the manager once per month at board meetings:

TP: *"We have a policy, and it has been like this as long as I have been a director, our football manager comes to our board meeting once a month, just for general conversation, how he feels it is going. An update from his perspective. And that gives us a chance to ask him questions as a board on how he thinks it is going. It is important to do that, because it lets the manager know you are there and you are watching."*

A common theme in the interviews with RRFC directors was that in order to perform the control role effectively, the directors must have the necessary knowledge and experience to hold the football manager and chief executive to account. For instance, the Chief Executive Report requires the directors to understand financial data. Thus, knowledge regarding how to interpret financial accounts is suggested to be an important antecedent for the performance of this aspect of their control role. As DW indicates:

DW: *"You do need to have some 'know how' about financial information and so on, and be able to grasp it, because that is one of your main responsibilities as a director. Don't get me wrong, you don't need to be a fully qualified accountant, but it is important to be able to say 'OK, I see that this is in good order', or 'I don't think this looks good', if you are going to do your job properly."*

The evidence presented here suggests that if the board is to perform its control role effectively, knowledge and skills, which are features of human capital, are the key antecedents. In contrast, none of the RRFC directors cited any of the aspects of social

capital as being important for the performance of this role. Furthermore, in performing their monitoring function on the football manager, the data show that human capital is again the key resource:

TP: *“When talking to the [football] manager we [the board] don't get into great detail discussing tactics and all these kind of things. But we will ask bits and pieces, ‘what is the mood of the squad?’, ‘are you happy with the amount of points you have taken in the last four games?’ and see how he responds. And then I think it comes down to using your experience to decide whether you’re happy with his performance, or whether you need to make a change. And that is your hardest job, make no mistake. Directors can’t know everything, especially about football, so when it comes to the decision on the manager you just have to use your best judgement as a board.”*

The above quote highlights a perception from TP that when it comes to monitoring the football manager, features of human capital are the main antecedents for effective role performance. Indeed, TP’s view that directors must use their “best judgement” and “experience” indicates that human capital is key. Further, the data indicate a perception that it is beneficial if directors are well-rounded individuals because they “can’t know everything, especially about football”. The quote suggests that when deliberating on their biggest decision (whether to sack the manager) they are not doing so as experts in football. Thus, they have to rely on their best judgement as rounded individuals.

6.6 Operational Role

A common theme in this case was that the limited financial and human resources available to the board means that the directors are required to take on operational responsibility themselves. Only one RRFC director is remunerated (the chief executive), while there is no established layer of management below the chief executive. Consequently, the operational roles performed by the directors are done in a voluntary capacity. TP provided some examples of the operational tasks that directors typically perform for the club:

TP: *“Gordon Adamson, our Supporters’ Rep, is also our match-day announcer. Tom Morgan, our commercial director, looks after hospitality on the day, and we all take our turn at hosting people in the boardroom when we have sponsors and that sort of thing. My responsibilities are youth academy, the under 20s development team and media. So*

website and dealing with the media as well. I am also the safeguarding officer, the child protection officer really, I need to attend seminars and go to Hampden quite often.”

When asked what assists the board in performing its operational roles, concepts such as knowledge and skills were frequently mentioned by the participants. In particular, if directors had specific experience in performing operational tasks in other business settings, attempts were made to utilise that experience for the benefit of RRFC. DW explained this as follows:

DW: “Tom knows a lot about youth football and has been involved in that even before he was a director, so he can help us out in that respect. Then you have the Chairman who is a chartered accountant, so he can help with a lot of the day-to-day financial issues. Having those skills is really a life-saver for us, because we just can’t afford to employ someone to come in and do it.”

The above quote illustrates a perception from DW that features of human capital such as knowledge and skills are crucial for the board’s operational role. Primarily, this is because the club cannot afford to employ someone to do the job that the directors are doing free of charge. Features of social capital, on the other hand, were not suggested to be important by the RRFC directors when performing their operational tasks.

6.7 Board Dynamics

The second component of board effectiveness proposed by Forbes and Milliken (1999) refers to board dynamics, meaning the board’s ability to work together as a cohesive group. Board dynamics underpin the board’s ability to perform its roles, and therefore, it must be examined if a holistic understanding of board effectiveness is to be achieved (Nicholson and Kiel, 2004). Given that board dynamics, in this case, concerns a closed group of eight individuals, SSC is not considered relevant given its focus on networks. However, the data show that both RSC and CSC are important for board dynamics. The process of how they influence board dynamics is now explained.

6.7.1 Influence of Relational Social Capital

To recap, RSC is commonly understood as levels of trust, friendliness and respect (Nahapiet and Ghoshal, 1998). A recurring theme in the interviews was that trust is crucial

if the board is to work together cohesively. Trust is conceptualised by the participants as having openness of discussion, and confidence that classified matters discussed in board meetings will not go further. For example:

AY: *"It is good [the board's working dynamic], but like anything, we have our moments. But everyone is there for the benefit of Raith Rovers, and there is trust there - there is a mutual understanding that any classified matters won't end up on a website somewhere, and it is essential to have that for an effective board."*

DW: *"It's not that we are all best buddies; board meetings are not always hunky dory and pass without disagreement. Not at all. But there is trust, and that is what is important... any issues or concerns can be discussed freely and in confidence."*

The above quotes indicate that, although the directors at RRFC are not necessarily close friends, they believe that they have an established level of trust that allows them to function effectively. In consideration of the data discussed here, RSC appears to facilitate board effectiveness by allowing the board to discuss matters openly and without concern.

A common view in the interviews was that fan representatives could be potentially detrimental to board dynamics. RRFC has been committed to accommodating a fan representative on its board for eight years. They are now on their third fan representative. However, it was suggested by TP (who was the first fan representative) that the role has an inherent conflict of interest that can be difficult to manage. This conflict of interest involves balancing the supporters' determination to know what is going on at the club and the board's desire not to have sensitive information leaked into the public domain. Participants argue that if the board has reservations about the fan representative's ability to respect confidentiality, board dynamics can be adversely affected. As these quotes illustrate:

TP: *"And you get to this difficult situation where you have got that knowledge that supporters are pushing you for, but you cannot share it. If you did share it, the rest of the board would stop trusting you. If there is a loss of trust... ultimately what would happen is the whole landscape of the board would change, decisions would be made away from the table and the board would be there as a rubber-stamp. That is not good governance and it is not good for the club. The fan-rep's view will be insignificant."*

DW: *“What would happen is it would go to shit, you would have board meetings that didn’t discuss a single thing - stuffed to the side and discussed elsewhere. And therefore, the effective board is bypassed. I have seen situations like that at other clubs.”*

In this case study, the data suggest that, despite an awareness of how challenging the role can be, the three fan-representatives who have sat on the RRFC board have been trusted by the other directors. For example:

AY: *“They are the flow of information to the fans, and I don’t have a problem with that, that is fine and it is the right thing to do. Of course, there are limits – but I have certainly never had any difficulty in trusting any of our fan-reps, and them being there has not affected how the board works in any way.”*

ED: *“It has been easy to trust all of our fan directors. All of them have approached the job with openness and transparency, which is the key to the job really – you have to be honest and frank with both sides. So there hasn’t been any issues with things coming out that shouldn’t.”*

The above quotations suggest that the working dynamic of RR’s board has not been affected by the presence of a fan representative. Primarily, this is due to the trust that exists between them - which in itself results from the transparent approach taken by the individuals who have adopted the role. This notion further shows how RSC influences board effectiveness – it appears to facilitate a healthy working environment in which directors can work cohesively with the fan representative without concerns over confidentiality.

6.7.2 Influence of Cognitive Social Capital

Cognitive social capital (CSC) concerns concepts such as shared values and visions, which predispose people towards mutually beneficial collective action (Nahapiet and Ghoshal, 1998). When discussing what allows a board to work together cohesively, the most frequent answer given by participants was that the board must share a common vision. For example:

AY: *“The first thing [concerning board cohesion] is that you have to know what you are trying to achieve. You’ve got to have a plan that everyone agrees with.”*

TM: *“Unity of purpose round a vision is what I would say makes a cohesive board.”*

In addition to a common vision being the most persistent theme to emerge relating to board cohesion, it was suggested by DW that it is the most important facilitator of board effectiveness in general:

DW: *“Doesn't matter how good a lawyer that guy is, or how good an accountant that guy is... If you are not on the same page in terms of having the same common goal, you will not be able to function as a board. So I would say that is the most important factor of all.”*

This view was shared by ED:

ED: *“What I think is most important is having a group of people that work together, who have a clear idea of what they want to achieve for the club.”*

The evidence presented here indicates that agreement among directors concerning the strategic vision of the club leads to board cohesion. Therefore, CSC appears to have a significant effect on board effectiveness, as it allows the board to work together cohesively. In practice, cohesiveness is argued to result in more efficient decision-making, which is a key function of the board. The following comments from AY illustrate this:

AY: *“You have got to have everyone pulling in the same direction, working for the benefit of the football club. You can't have people setting up their own little empires. There seems to be a lot of that in Scottish football. It just means you will never be able to make decisions – and that is the board's main job, to make decisions.”*

The notion that the absence of a common vision and cohesiveness will lead to inefficiency in decision-making is supported by this quote from DW:

DW: *“[Lack of a common vision] means you are forever arguing over points of principle disagreement. You are continually going back over the same sort of ground and not making any progress, which does not make for good governance at all.”*

The above quotes further illustrate the importance of a shared vision, particularly in that it facilitates decision-making processes. However, a common point raised by participants was that disagreement in the decision-making process is not necessarily damaging, providing that the disagreements relate to the tactics of implementing a vision, and not the vision itself. For example:

DW: *“You will have differences in opinion, and that is fine - but you try to reduce these to differences in opinion not about your main objectives, but to differences in opinion about your tactics, about how to get there. That is all fair enough. These issues are less about principle are more about practicalities.”*

TP: *“There is not any big problem with disagreeing on the tactics needed, because there is always more than one way to do something. And most of the time, it probably doesn't make a great deal of difference. But it could be very detrimental to have a director who is constantly disagreeing with the direction or strategy of the club. You would be there all day, and you would end up not achieving anything!”*

The above quotes highlight a perception that disagreeing on the details of how to achieve a strategy is manageable. However, disharmony in relation to the vision itself is damaging and ultimately unworkable. Thus, the evidence further demonstrates how CSC, in the form of a common vision, influences the second criteria of board effectiveness – board cohesiveness – in a meaningful way, by allowing the board to make progress towards a goal via efficient decision-making, whilst reducing discord to tactical decisions.

Another common theme emerging from the interview data was that, for a board to work together cohesively, directors do not necessarily need to be close acquaintances. What is more important is for the board to share a vision. As this quote shows:

TP: *“Directors don't have to get on [to work together as a cohesive group]; they don't need to be best mates. But they must hold a common understanding of how you operate, what you are trying to achieve, share that, and agree that. Then you can work together. You don't have to be friends. As long as the common vision of where you are going is there. Because, and I will relay it back to Raith Rovers, we are not all best mates. But I think we are all trying to do the same thing, which means we can work together and try to be effective.”*

The evidence presented here reinforces the notion that a common vision, and therefore CSC, is an essential factor in maximising the board's effectiveness. Moreover, it highlights how CSC facilitates effectiveness – by allowing the board to work together as a cohesive group and make decisions efficiently. The following section is focused on discussing the interaction of social capital dimensions.

6.8 Interaction of Social Capital Dimensions

The aim of this research is to develop understandings of how social capital influences board effectiveness within the Scottish football context. Thus far, this chapter has examined how individual dimensions of social capital influence the two criteria of board effectiveness set out by Forbes and Milliken (1999) – (1) The board's ability to perform its roles successfully, and (2) the board's ability to work together as a cohesive group. However, in order to extend social capital theory, this research must also establish how the three dimensions of social capital interact before eventually influencing board effectiveness. The interview data suggest that the dimensions primarily interact in two distinct ways. First, RSC facilitates the development of SSC, and second, CSC helps to build RSC. The process of how these interrelations occur is now explained.

6.8.1 *Relational and Structural Social Capital*

Section 6.3.1, discussed how the trust and respect that RRFC holds with the community has led to increased community engagement. In particular, this is suggested to have been achieved through increased involvement with TRRCF programmes and activities. Increased community engagement means that more people are interacting with the club, and thus, RRFC's network is suggested to have expanded. Given that an expanded network represents a strengthening of SSC (Nahapiet and Ghoshal, 1998), the evidence presented in this case suggests that RSC, in the form of RRFC's trust and respect with the community, has facilitated SSC in the form of increased community engagement and an expanded network. DW illustrated this point as follows:

DW: *“So you get a door opened to you because you are Raith Rovers. You are respected, the badge opens the door.”*

When DW talks about the “badge opening the door”, he is referring to his perception that community groups and individuals are more willing to engage with the programmes and

initiatives offered through TRRCF because it is associated with RRFC. Evidence found on the supporter forum corroborates this inference, with supporters suggested to be more inclined to take part in community initiatives due to a view that the club will organise it competently (see Figure 6.3). This means that they have expectations of their relationship with RRFC, which is a feature of RSC (Nahapiet and Ghoshal, 1998). Further evidence highlighting the facilitating effect from RSC to SSC comes from TP:

TP: *When you've got that trust as a local institution, it is really precious. You have got to work hard to keep it. And it can be a huge help because people give you the benefit of the doubt and they're more likely to support you and contribute."*

6.8.2 *Cognitive and Relational Social Capital*

When directors discussed the inner-workings of the board, a common theme to emerge was the importance of trust. Moreover, there was repeated evidence that levels of trust among board members develops from a common understanding or vision for the club's future. Thus, CSC appeared to facilitate RSC. The following extract illustrates this:

TP: *"Trust is very important, but that trust comes from two things. You have got to share the vision and the journey you are on. You build that trust up, even though you are from diverse backgrounds. How can a man who is a community worker deal with a man that is head of KPMG in Asia? Or previously, Turnbull Hutton, who was head of Diageo production in the UK? They are two significant businessmen, and I am a small time guy who helps organise adult education classes and youth clubs in Fife. We ended up talking the same language, and we began to trust each other. And that tells you that it was nothing to do with our backgrounds, it's because we actually had the same shared understanding of what we were trying to achieve and the road map, how we were going to get there."*

This quote highlights how, despite the directors coming from heterogeneous backgrounds, they developed trust as a result of a shared vision for the future of RRFC. AY provided further support for this proposition:

AY: *"You work with the directors and get to know them; you build relationships around common interests. That is me talking from experience. I got a sense that the other*

directors on the board were here for the same reasons as me, they love Raith Rovers and they believe we are doing the right things.”

Similar to TP, AY discusses how trust develops from a mutual affinity for RRFC and a shared belief that the direction the club is going in is correct – again, illustrating the facilitating effect of CSC on RSC. Further evidence supporting this claim appeared in the interview with DW:

DW: “So trust comes from openness and an understanding of others’ beliefs and motivations. And the board does have a good deal of trust now by virtue of our work together over the last few years. You realise that actually they [the directors] want the same things as you, they believe in what you are doing and want the club to be successful.”

The evidence presented here indicates how CSC, manifested through shared understandings and visions, acts as a building block for RSC, which is conceptualised as trust. This appeared to be the most significant illustration of social capital dimensions interaction in the interview data. However, there was also evidence that suggested the relationship between RSC and CSC was mutually reinforcing. For example:

TP: “Yes, but you also need a trusting environment, the communication needs to be good, work together, common view, common vision etc. etc. You have to trust each other. The stronger the trust, the stronger the vision, and the stronger you will work towards that.”

The above quotation discusses how, for the board, “the stronger the trust, the stronger the vision”. This therefore indicates that in addition to CSC facilitating RSC, RSC may have a mutually reinforcing effect on CSC – thus suggesting that the two dimensions of social capital build on each other.

6.9 Chapter Conclusion

This chapter has presented the findings of the second case study club, Raith Rovers FC. The chapter began by providing an overview of the roles incumbent on its board. This was followed by a discussion of how social capital influences performance of each specific role. RSC and SSC played an important part in the performance of the board’s strategy role. SSC and CSC appeared to be pertinent for the resource co-optation role,

while human capital was the main antecedent for the control and operational roles. For board dynamics, SSC was not important; however, both RSC and CSC were strongly influential. Finally, with respect to dimension interaction, a significant facilitating effect was observed from RSC to SSC and from CSC to RSC.

Chapter Seven: Dunfermline AFC Findings

7.1 Introduction

This chapter presents the findings of the third and final case study, Dunfermline Athletic Football Club. The structure of the chapter is similar to the two previous chapters. It begins with a description of the board's roles. Following this is a discussion of how social capital influences Forbes and Milliken's (1999) two criteria of board effectiveness: (1) the board's ability to perform its roles successfully, and (2) the board's ability to work together as a cohesive group. The penultimate section of the chapter examines how social capital dimensions interact, before eventually influencing board effectiveness, and the final section offers a summary of the findings.

7.2 Board Roles

As previously indicated, in order to establish how social capital influences board effectiveness, the specific roles incumbent on the board must be identified. The effectiveness of an individual board can only be judged in relation to the specific roles that it performs (Aguilera, 2005). Thus, in the interviews, directors were asked to describe the roles performed by the board. Moreover, they were asked to specify the roles that they were primarily involved in carrying out. The data suggest that the board's roles can be categorised into four areas. Three of these areas – strategy, resource co-optation and control - are consistent with the mainstream governance literature's view of 'what boards do' (Aguilera, 2005; Jonsson, 2013). The fourth area, 'operations', is generally not recognised as a function of the board in the wider literature (McIntyre et al, 2007). However, this was suggested to be an important role area for the DAFC board. It emerged from the interviews with the directors that the distinction between executive and non-executive director is blurred. Due to a lack of human and financial resources, it was frequently mentioned that directors are required to get involved in the club's operational activities whenever they have the time and skills to do so. Kip McBay (KM) highlighted this point as follows:

KM: *"There was a rock concert here last year, there was a lot of people involved in it, but I kind of coordinated that. Again from my background. There was quite a lot of work involved. So as an apparent non-executive, that was me taking on a more executive like job. Everybody is involved in just trying to make the club a success, whenever they can."*

The above quote illustrates the operational role incumbent on the board, which appears to be of an *ad hoc* and informal nature, with directors taking on operational responsibility “whenever they can”. It should be noted, that none of the directors, including the chief executive, receive remuneration for their services. The following sections discuss each of the main board roles individually, and analyse how social capital influences the performance of those roles.

7.3 Strategy Role

The data show that there are two aspects to the board’s strategy role – strategy formation and strategic activities. Strategy formation involves establishing a vision for the club. Strategic activities refer to tasks carried out by the board with a view to achieving the strategy. In terms of strategy formation, the evidence indicates that DAFC underwent a significant transformation in terms of its strategic direction following its exit from administration in 2013. Participants claim that under the previous owner, Gavin Masterton, the club was aligned with the traditional Scottish football ownership and governance model in which a single person or family controls the club and the community is kept at “arm’s length”. Now, however, DAFC is operating with a mutual structure in which the community is the central component of its strategy and legal structure. As KM explains:

KM: *“It is night and day from what the club was like under Gavin. The model then was the more stereotypical example of how Scottish football clubs are run, with a single owner who does everything himself and the community is at arm’s length. And we know how that ended up. Dunfermline is a completely different prospect now. The community is at the heart of everything and any money gets reinvested.”*

KM indicates that the central ethos and strategy of the club is to be a positive social force in the community. The implementation of this strategy suggests that the board want the club to take a more socially responsible approach than was the case under the previous owner. Being ‘socially responsible’, in this context, refers to the board’s perception that the club must add value to the community, and thus, it should not view it merely as a means of generating revenue. The club’s ‘community strategy’, which is available on the DAFC website, highlights this ambition. It reads as follows:

“DAFC... will work to deliver a programme of ongoing activity that will increase the relevance of our club to our communities, sustain and build our loyal support and introduce a new generation of young people to football and its wider benefits.” (DAFC, 2016).

An important theme emerging from the data was that setting up as a Community Interest Company (CIC) (see section 4.5.10 for background information on this), and implementing a community strategy, is not only the socially responsible course of action, it is also beneficial from a commercial perspective. The following extracts illustrate this viewpoint:

Ross McArthur (RM): *“So then going back to last season, we've had the worst season in 35 years; you'd expect the thing to go off the dyke. Our season tickets this season are bigger than what they were in the Premier Division! Our attendances this year, sorry to have a pop at St. Johnstone, but we compare ourselves to St. Johnstone, Inverness, Ross County... We are getting bigger crowds with no away fans. We are getting between 3 and 4k for games in this division. Our last home game, On New Year's Day, we got 6k here. Only 100 were Cowdenbeath fans. That was the third biggest attendance in Scotland after the Dundee Derby and Celtic. There is potential but I'd like to think it's not just potential. The fact that we are valuing the community, engaging with fans, they feel as though it's their club, they are getting treated with respect, we're being transparent where we can. They feel they have an input into the club. All of it is helping us.”*

David McMorrine (DM): *“Undoubtedly [the community strategy] it is good for business. We bring in the thick end of 300K in basically donations, fundraising, all that kind of stuff. In contrast, I don't think, for example, the people of Dundee are going to give Stephen Thompson's [owner of Dundee Utd] company 300K, I don't know Stephen Thompson, nothing against him, but it is his private company, why would you give it money? Whereas you can give money to Dunfermline because it's a social enterprise. I don't take any money, Ross doesn't, none of the board members get anything.”*

The above quotes illustrate a view that the community strategy is not only appropriate from an ethical perspective; it is beneficial commercially because it leads to the club receiving donations that traditionally structured football clubs do not. Furthermore,

becoming a community club has apparently led to fans feeling like they are “part of it”, which means attendances and therefore revenue has improved.

7.3.1 *Community Engagement*

The formation of the club’s strategy occurred in 2013, and thus, it is not an ongoing activity. However, the data show that since 2013 the board has been carrying out ‘strategic activities’. Such strategic activities are suggested to involve the practice of community engagement. The data indicate that community engagement is the prominent aspect of the board’s strategy role. As RM claimed:

RM: *“We are doing lots of things to try and reach out to the community and show them that Dunfermline Football Club has something to offer them too, we don’t just want to take your money. Because that has been the case in the past. This is one of our biggest jobs as a board, trying to engage with people again, and do it in the right way.”*

As part of their community engagement role, the board have introduced various initiatives including:

- The disabled access group, which aims to encourage individuals with disabilities to get involved with the club and provide them with an enjoyable match-day experience.
- Health and wellbeing initiatives such as friendly football matches and tournaments for the public.
- Learning initiatives, which promote the value of lifelong learning and personal development via academic, vocational and experiential opportunities.
- Good citizenship initiatives designed to provide interesting and varied activities that increase positive behaviours and social responsibility.

To achieve the research aim, this chapter must examine how social capital influences the board's ability to perform its community engagement role. It is to this issue that this chapter now turns.

The data suggest that CSC plays an important role in helping the board to increase community engagement. The process of how this occurs involves the concept of shared values, which is a key feature of CSC. By adopting the CIC structure and implementing the community strategy, the directors feel that they are highlighting the kind of club they want DAFC to be and the values it should reflect. As IH explains:

Ian Hunter (IH): *"This is a community club, and the CIC model encapsulated that. When we set up as a CIC, we effectively said 'hey, we're not going to throw good money after bad trying to win the Scottish Cup. We're going to be sustainable, we are to give back to the community, and those are our values'."*

According to RM, underpinning these values is a code of conduct that requires the board to conduct the club's business in a transparent fashion and maintain regular and meaningful communication with the community:

RM: *"So the values of the club now are very different. The community is our primary consideration. With that, we are very focused on giving the fans quarterly updates. Very transparent. There are things that you can't share with fans. But we are very transparent. Every quarter we have a supporters' council meeting."*

The 'community values' that the board have imparted on the club following the 2013 crisis, and the transparent approach taken by the directors, is suggested to have encouraged more people to engage with DAFC. For example, numerous individuals have offered to volunteer at the club since it became a CIC. It is argued by directors that they are motivated to volunteer because their personal values and beliefs resonate with the community-focused values of the club. As these quotes show:

DM: *"The guys who are running the shop, they do not get paid. The guys that were sitting having a cup of tea that are painting the stand, they are volunteers. There is people who get a token gesture for being a match day steward. The people that sell the programmes don't get anything, the people that do the website and social media don't get anything."*

Now how do we get that? You wouldn't have got that before, that is for sure. It is because they share the community spirit; they see the club as part of the community now and want to help."

IH: *"We've got people that are volunteering now, retired teachers that have developed our schools programme. We're going out to all the primary schools; we offer free season tickets to under 12's. So many people are buying into it, and it's all about the community."*

The above quote suggests that the club's community values (CSC) have led individuals with a similar "community spirit" to volunteer their services to the club. This is further supported by evidence obtained from the dedicated DAFC supporter discussion forum:

I agree, the work these people put in on the upkeep of the stadium is nothing short of miraculous

Again it shows that we are a true fans owned club, there are so many ways to get involved with YOUR club, we can all do a bit to help somewhere, from giving a few hours to work with Daves gang to helping out on match days, fundraising on numerous projects, donating or purchasing at Marv's

There are countless ways to contribute to the ongoing welfare of our proud institution, not all of which cost you money

The one thing that has come out of the financial mess is that we are now indeed a family, my pride in being a Pars fan has increased beyond all boundaries. How good will we feel at the first league game of the new season? We can all congratulate ourselves having laid the foundations of recovery, the good times are not too far away

Well done to everyone who has done a bit to help, be proud

Figure 7.1: DAFC Forum Evidence – Community Values (1)

Overall I think the Scottish game is on the turn.

Hearts building a new main stand and Aberdeen investing in a brand new stadium.

Most clubs recognising the value of reconnecting with their fans and the wider community. We're taking the game back hopefully.

Of course the SFA is a bladder full of contaminated weak pi\$h who tend to make things hard for our game, but we can live in hope.

Figure 7.2: DAFC Forum Evidence – Community Values (2)

Recruiting volunteers is interpreted in this research as the club successfully performing its community engagement role. This is argued to be beneficial from an ethical perspective, in that the club is giving people an opportunity to become part of a social

collective. Moreover, it is beneficial from a commercial perspective in that the club has reduced labour costs. This point is acknowledged by RM:

RM: *“I see the enjoyment that they get out of doing it as well. Yes, it is back to the thing about time, but everybody enjoys it. Two people come in and help in the club shop on a Friday, they enjoy it, they love the fact we are a community club, all in it together, and they want to feel part of it. And then other fans will come in and they will say 'oh that is brilliant, I know him he used to take me to games' and they are blethering away, it is that camaraderie. And for the club, it is an enormous help to have that because we are restricted financially.”*

Because the volunteers are motivated by shared values, the above evidence illustrates how CSC is beneficial for the community engagement role. In turn, CSC can be seen to facilitate board effectiveness through the successful performance of this particular role.

7.4 Resource Co-optation Role

Resource co-optation refers to the board’s role in providing the club with access to resources. Following analysis of the interview data, there appear to be two dominant aspects to this role – sponsorship and succession planning. Sponsorship involves finding organisations that are willing to invest financial capital into the club in return for advertising exposure. Succession planning involves acquiring human resources for DAFC. This means identifying and recruiting individuals for club positions (including directorships) both internally and externally. Each of the two main aspects of the resource co-optation role are now discussed in turn.

7.4.1 Sponsorship

A frequently cited issue by directors was that sponsorship is a critical source of revenue for the club. Primarily, this was reported to be the case because the club is operating in the Scottish Championship, where they receive significantly less broadcasting income compared to the Scottish Premiership. RM offered the following insight on this issue:

RM: *“Sponsorship is massive. Unfortunately, the money at this level, to run a full-time football club, is not great. I mean we won the league last year and got £100k from the central revenue. Dundee finished 7th in the top league and got £1.7m. So you can see the*

big difference. One of the ways you can do to try to make that up, although you are never going to make it all up, is look for sponsorship. So if there is something that can be sponsored, we will try and get it sponsored.”

It was further acknowledged by KM that, although sponsorship is critical for DAFC, Scottish football clubs in general find it difficult to source sponsorship due to problems with its culture and reputation:

KM: “I mean who wants to sponsor Scottish football? At the end of the day, it is just betting companies. A lot of companies just do not want to get involved because there is the bigotry and so on. That is not good for Scottish football. And is that ever going to change?”

This quote suggests that the DAFC board’s role of acquiring sponsorship is not only an important one, but also a challenging one given the perceived negativity associated with Scottish football culture. To achieve the research aim, this chapter must analyse how social capital influences the board’s ability to perform its sponsorship role. The data suggest that both CSC and SSC are relevant. The process by which each dimension influences the sponsorship role is now discussed.

A common theme in the interviews was that DAFC’s community strategy, and the ethos and values that underpin the CIC model, have led to more businesses becoming interested in sponsoring the club. The following comments from IH and RM illustrate this:

IH: “You will find that, and we found when negotiating for the purchase of the stadium, that big organisations will look more towards the concept of supporting us if we are a charity or a CIC. So someone like a TESCO, for example, the local TESCO manager has no spending power at all, he has to go all the way up the ladder to get funding, and if he says he wants to give 10k to the local football club, he is probably going to get kicked into touch by his bosses. But if he says there is a CIC which, yes owns the local football club, but does a lot locally with schools and hospitals, there is a much greater chance. It was a no-brainer.”

RM: *“Local businesses have said to us 'oh this is great what is happening around the club, really excited about what you are doing, I will sponsor that for you'. So it is likeminded people who buy into what we are doing.”*

The above quotations highlight a perception among the directors that businesses are more interested in sponsoring DAFC because it is a CIC. By definition, CICs are focused on delivering community development and are underpinned by values that emphasise transparency and sustainability. It is these values, and the essence of the CIC, which are suggested to be the major contributors to an increase in interest from potential sponsors. Given that the concept of shared values represents CSC, the evidence presented here indicates that the cognitive dimension of social capital facilitates the performance of this role, and therefore, augments the overall effectiveness of DAFC's board.

The data show that SSC also played an important role for the DAFC board in recruiting sponsors. A common theme when discussing sponsorship with the directors was that local businesses are easier to recruit compared to national companies. Primarily, this is because the exposure DAFC offers is restricted, particularly with regard to television:

RM: *“It is more difficult now. Particularly at our level. We haven't had any games on the main channels, we've had BBC ALBA but you don't get any extra money for that. So you are not going to necessarily attract national companies who for television they want to be identified at EEP. So really your local businesses are the key in terms of supporting the club through sponsorship.”*

When asked how local businesses are recruited for sponsorship, it was emphasised by a number of directors that the networks of DAFC directors play a crucial role in providing access to individuals or organisations that may be interested. The following comments highlight this point:

RM: *“Personal connections of directors, or people who are associated with the club, that is the key to it. If you have those networks, if you know people who are likely to be interested in Dunfermline Athletic and what it is doing, you are going to save yourself an awful lot of time trying to make those partnerships.”*

Billy Braisby (BB): *“I suppose I am quite well known. Everyone knows my connection to the club. My other role, I was also the president of the Mary Leishmann Foundation. It gives you a bit of a profile. Not that I do it for a profile! But it does. I know a lot of businesses around the town and I can pass those connections on to the club if we are trying to get a match ball sponsored or something like that.”*

Bob Garmony (BG): *“And you have Billy Braisby who is a very accomplished businessman in his own right, but also has a very outgoing personality and good contacts which are extremely useful for the sponsorship and hospitality side of things.”*

The above quotes highlight the pertinence of directors’ networks (which constitute SSC) for the performance of the board’s sponsorship role. In particular, the connections of BB, given that he is argued to be an established businessperson in the town Dunfermline, were reported to be useful for gaining access to individuals or organisations that may be interested in sponsoring DAFC. Thus, SSC is shown to facilitate board effectiveness by improving efficiency regarding the performance of the sponsorship role.

It does appear, however, that the board’s access to SSC is limited to the local area. Although directors seem to have developed strong networks within Dunfermline, the interview data provide no evidence of the board using contacts in a national or international context to recruit sponsorship. Indeed, RM acknowledged that they often rely on the same contacts:

RM: *“The thing is, we always say that we are going to the same people all of the time [for sponsorship]. And we are. That is just the way it is.”*

It may be the case, as was mentioned previously in this section, that the limited exposure offered by DAFC means that sponsorship opportunities are just unattractive to organisations beyond the Dunfermline area. However, the inability of the board to recruit sponsors from outside the local area may also reflect a notion that the directors’ SSC is too homogenous. The evidence strongly suggests that the board has significant local connections, but there is no indication that they have access to lucrative networks beyond this setting.

7.4.2 *Succession Planning*

The succession planning role requires the board to provide the club with access to human resources. A prominent theme emerging from the data was that one of the board's biggest challenges is finding replacements for the current directors. Participants claimed that it is difficult to recruit because the job is not remunerated and it can be time-consuming. Therefore, finding individuals who have the skills the board requires, who are also willing to work without pay and have the necessary time to perform the job, is a challenging task. Currently, even the CEO job, performed by RM, is a voluntarily position. The following extracts from the DAFC board members highlight their concerns over this issue:

BG: *"I think with all clubs at this level, the question is not: who have we got at the moment? The question is: how are we going to get the next generation of directors? Because in many ways, when we formed into a board and became DAFC's group that ran it, it wasn't done through headhunting or anything, it just sort of came together. Very fortunate. But how do you then get the next generation to come in? I think that is where football clubs really have to work hard because finding people who have the skills we need and have time to do what is essentially volunteer work is not easy."*

DM: *"It [succession planning] is very very difficult because you need to find people who have the experience to do it and also have the time. Ross sold his business when he was young; I still own my business but I am retired from it. Effectively, it is almost impossible for this board to function with people that have day jobs. I don't see how it could work. I think all clubs at this level have this problem. Business is much tougher these days, and that is nothing to do with football, so it is very difficult to manage both. People who would have managed this club back in the 80s would have done other things in addition. It is not like that now. It can't be part time."*

IH: *"Succession issues are something we are starting to look at now. All of us enjoy what we are doing, but we would also like to be able to say, 'it's time to go back to being a fan again'. But we don't want to do that until we have the succession and planning in place. Now the first thing is to find the people who have the skill, experience and time, which is incredibly difficult because people have lives! Most people want to come here on a Saturday, have a pint and then go home... there is not a queue of people knocking at the door saying they want to try it."*

The above quotes highlight the perceived difficulty that the DAFC board has in finding suitable replacements for the current directors. The role is suggested to be problematic because the club requires skilled individuals with business knowledge, who are also willing to work without pay and have sufficient time to do it. Given the concern surrounding this role, it is necessary to discuss how social capital influences the board's ability to carry it out.

The data suggest that SSC facilitates the performance of the board's succession planning role. A recurring theme in the interviews was that directors believe Pars United CIC (PUCIC), which is the club's holding company, is the key to their succession issues. PUCIC is made up of 'Pars Patrons' and the Pars Supporters' Trust (PST). The PST is PUCIC's majority shareholder with a 28.34% stake. There are approximately 1000 members of the PST. The remaining shares are owned by 64 individual Patrons. The Patron with the largest stake in PUCIC owns 6.46% of the company. Patrons are generally higher net-worth DAFC supporters, while PST members are 'ordinary' supporters. Given that DAFC is thus owned by a community initiative in PUCIC, the appointment of directors is controlled by its supporters. It was stated by RM and confirmed by the other directors that there can be a minimum of six directors on the DAFC board. Two of the directors must be elected in the general meeting, two are nominated by the Pars Supporters' Trust and two are nominated by the Pars Patrons.

The data show that directors view PUCIC as a network of individuals from which future directors can be recruited. It is argued that given the lack of remuneration for the job, it is unlikely that the club could recruit an individual who is not a DAFC supporter. The following quotes illustrate this view:

MR: *"Somebody in the Trust brought this up recently, they said 'if we are short of candidates, just go out to the public and bring people in to help you'. But you won't get that to happen. You won't get a guy who, for example, is good at organizing volunteers or whatever to come onto a football board if he is not interested in football. You have to have the football interest behind you. Because it actually costs you money to do this job. It costs you all the time. I certainly don't think you could get a non-supporter to come along."*

KM: *“Really, the job is just an awful lot of hard work. It is unlikely you could get someone doing it unless they really support the club.”*

Due to the apparent unlikeliness of recruiting non-supporters to the board, it is suggested that PUCIC provides the best opportunity to find suitable candidates. This is argued to be the case because PUCIC represents a network of individuals who already have a relationship with DAFC. The following comments illustrate this:

IH: *“We have to keep an eye out for people that are involved in the Trust or the Patrons, because they are the guys most likely to get involved. In my case, I would look around and say ‘yeah, he has the necessary legal and corporate skills; he could do what I am doing, I notice he is semi-retired’ or whatever. So I would put him forward as a possible candidate.”*

BB: *“There are a lot of people involved with Pars United. I mean, there are 1000 members of the Trust. All of them are supporters of Dunfermline Athletic. So you are looking to this body of people as future directors.”*

It was further suggested by participants that the amount and type of contacts directors have in PUCIC varies. For example, MR is the fan representative, and therefore, she has strong connections with the Trust. Conversely, RM is a leading Patron and is well connected within that group of shareholders. Consequently, it is considered important by the participants for each director to use their connections within PUCIC to identify suitable candidates. This is highlighted in the following quotes:

MR: *“I have been involved in the Trust a long time. The Trust board meets every month, and regularly for different things, but at least once a month. We have supporters nights now and again. The local curry place gives us the run of the place. Those nights have been really good for getting to know people in the Trust. I was surprised at how many impressive business folk there are... I’ve got a few of them to help out here and there, and there are a couple I think could do well on the board. It’s important to keep an eye out in the different circles.”*

RM: *“I tend to get quite involved with the Patrons, generally just keeping them in the loop and organising the meetings... There are a few of them I know of that would be*

excellent directors. But most people just don't have the time at the moment. One or two of them have said to me they would like to try their hand at it once work settles down, so it's a case of keeping them on the radar."

The above quotes highlight how directors have used their contacts within PUCIC to assist with the board's succession planning role. Because MR and RM are closely connected with the Trust and the Patrons respectively, this has helped them to identify potential candidates from different parts of the PUCIC network. This evidence therefore demonstrates how SSC has a positive influence on board effectiveness - by providing network access to potential future directors.

7.5 Operational Role

In section 7.2, it was discussed how the board has an important operational function. Traditionally, boards of directors do not get involved in operational activities (McIntyre et al, 2007; Preston and Brown, 2004). However, it was suggested by the DAFC directors that given the club's financial position, they cannot afford to employ staff to run the day-to-day business. Thus, the club relies on its voluntary board to take on significant operational responsibility. Operational activities include managing the club shop, dealing with players' contracts, organising hospitality and even driving youth teams to their matches. The following comments from KM illustrate this situation:

KM: "We've been through a significant crisis; we were in the third tier of Scottish football last year, basically with a Premier League stadium and quite a few associated costs... At the same time with an income from the third tier, it has been tough. And what we needed, and what we have, is a board who are either retired, or semi-retired and able to give a considerable amount of time to do things."

Because directors are involved in the club's day-to-day activities, it appears that there is not a clear distinction between executive and non-executive director. However, it is clear that certain directors have a larger workload than others. For example, RM is widely considered to be the chief executive, and DM is the financial controller. This is acknowledged in the following quotes:

RM: *“Some directors get more involved than others, but to be honest, we don’t differentiate between executive and non-executive. It is more informal than that. For all intent and purposes, I am the CEO and do a lot of the day-to-day things. David is the financial controller so is involved a lot. For the others, it’s a case of helping out wherever they can – which is a lot of the time!”*

BG: *“Ross has been magnificent. Because of his day to day function, has become very adept at controlling a lot of the stuff that used to just get left sort of lying about. He is essentially DAFC’s chief executive and puts in a lot of hours.”*

When performing operational roles, directors did not appear to think that the constructs associated with social capital, such as trust or shared values, were important for the performance of the operational role. In contrast, directors argued that characteristics such as experience, skills and time are more relevant for success. The following comments illustrate this:

IH: *“We [the board] have the perfect blend of skills for the jobs that need doing. In terms of a good property guy, my corporate transaction/accounting background, a guy that knows the day-to-day running of a business, a guy with good retail experience - the blend of skills is perfect for what the club needs. We are very lucky to have that. But not only that, having people that have the time to do it. I was very lucky I had just retired, somebody else had just sold his business, so had the time. So you could have skill sets in the supporter base but not the time. Or you could have guys with plenty time on their hands but not the skill set. We are very lucky, we have the combination.”*

MR: *“Because the board is essentially running the club on a day-to-day basis, you have to have that mix of talents. I would not know anything about stadium maintenance for example, but I know about contracts and dealing with suppliers.”*

The above quotes highlight a perception among the directors that concepts such as skill, experience and time are essential for effective performance of operational roles. Such factors are viewed as components of ‘human capital’ in this research. Thus, human capital, as opposed to social capital, appears to be the dominant facilitator of this aspect of the board’s function.

7.6 Control Role

The board's control role typically involves hiring chief executives or senior managers. Further, it involves monitoring senior management to ensure they are not acting contrary to the company's interests and monitoring budgets to prevent overspending (Huse and Rindova, 2001). As was discussed in the previous section, however, DAFC does not have an established layer of senior management. Instead, the directors themselves are responsible for managing the club's operations. As discussed in the previous section, RM, who is the club's chief executive, was reported to take on the majority of the operational responsibility. Consequently, the board's control role primarily focuses on providing oversight of his activities. MR described this function as follows:

MR: *"So Ross does the majority of the day-to-day stuff. And although we all do our bit helping out when we can, he does the most hours. He will be the one to prepare a report for board meetings, which says these are the budgets, this is how much cash we have and so on. So then it is up to the rest of us to study that report and provide a kind of challenge that all businesses need."*

The above comments illustrate how the board's control role primarily involves studying a chief executive's report at board meetings. The quote indicates that such reports have an emphasis on financial issues and performance. Social capital was not cited as an important resource for directors when they were discussing the performance of their control role. In contrast, the focus on the club's finances suggests that knowledge of budgets and balance sheets is more important when performing this role. Thus, human capital, which encapsulates knowledge and skills, appears to be the facilitator of board effectiveness as far as this role is concerned.

In terms of monitoring the performance of the football manager, human capital also appears to be the relevant antecedent. IH mentioned that the board's role is limited to monitoring the budget within which the football manager is working. Primarily, this is because their knowledge, or human capital, only extends to financial issues while they do not have expertise or knowledge of football management specifically:

IH: *"None of us are football experts, none of us should be interfering with team selection. We have one football person on the board, Jim Leishman. He can tell us what the mood*

of the dressing room will be like; he can tell us of how a manager might react to suggestions. The rest of us have no real football background so we keep clear. We just keep an eye on the numbers.”

Despite their apparent dearth of knowledge regarding football issues, MR discussed how the board still has to perform an important role in hiring football managers. Given their lack of expertise in this area, however, it is suggested that directors must rely on their overall experience as businesspeople when making the appointment:

MR: *“If you have been in business and you are dealing with people, you learn to suss people out. You know what questions to ask, or more importantly, you know when you are not getting a proper answer to a question... so you know when to push it a little bit and try to get more information. Pick a scab, or whatever the case may be, and find out what is going on. So even if you have not got that background, your experience of dealing with people in general is really important.”*

This quote illustrates a perception that in order to perform their control role efficiently, it helps if directors are well-rounded individuals with previous experience of monitoring and hiring senior managers. Thus, human capital, in the form of well-rounded business experience, is suggested to mitigate the lack of football expertise that the board has when performing its control role. Consequently, human capital, and not social capital, is again considered the key antecedent for this aspect of the board’s function and overall effectiveness.

7.7 Board Dynamics

The second component of board effectiveness proposed by Forbes and Milliken (1999) refers to the board’s ability to work together as a cohesive group. This concept is described as ‘board dynamics’ in this study. Board dynamics underpins the board’s ability to carry out its roles, and thus, it must be analysed if a holistic understanding of board effectiveness is to be achieved. The data suggest that social capital has a meaningful influence on the board’s ability to work together cohesively. However, given that board dynamics concerns a closed network of eight directors in this case, SSC is not considered important. Nevertheless, both RSC and CSC appear to be highly relevant. The following

sections explain how RSC and CSC influence board dynamics and therefore board effectiveness.

7.7.1 *Influence of Relational Social Capital*

When discussing what facilitates board cohesion, trust was a concept frequently mentioned by the directors. Trust is the key feature of RSC (Nahapiet and Ghoshal, 1998). It was suggested by participants that establishing trust between directors means that board meetings will benefit from openness of discussion, which is argued to be crucial if the board cohesion is to be enhanced and overall effectiveness maximised. As BG stated:

BG: *“I think that is what makes it function, you have got to have trust. And if you don't have that then people start to keep things to themselves. When we were going through administration, all the different parties involved knew who each other were, but they didn't really know each other. So, understandably, people were being cautious. But that situation would be debilitating if it persisted. The board trust each other now, and it means we can work together properly.”*

Another director claimed:

RM: *“You have to be able to eyeball somebody and build up trust. Trust is so important for a board. We are doing well in that department. We have a good group of people that are happy to talk candidly with each other.”*

The above quotes illustrate a view that trust is critical for the board to work together cohesively. Further, a lack of trust is suggested by BG to result in individuals “keeping things to themselves”, which then means that the board cannot operate efficiently. Nevertheless, the above quotes are indicative of a widely held view among the DAFC directors that they have managed to establish a strong level of trust between themselves.

Another prominent theme to emerge from the interviews in relation to board dynamics was the ability of the board to work cohesively with a fan representative. It was highlighted by the participants that a fan representative, in this case MR, has to carry out a challenging role. The role is considered difficult because the individual must manage a significant conflict of interest. On the one hand, they are the representative of the fans and this comes with an expectation to provide information of the club's activities. On the

other hand, they have a responsibility to the club not to leak sensitive information into the public domain. This conflict of interest was acknowledged by MR:

MR: *"It [the role of fan representative] is very very difficult. As soon as you see a supporter, they will say 'have we signed this player yet?' or, 'what is the team today?' You need to be a strong person to cope with it!"*

It was further suggested by participants that the fan representative's conflict of interest could be potentially disruptive to board dynamics, as the following quotes show:

RM: *"What happens is, every club has these fans forums etc, everybody wants to know more, they want to know more than each other, and a lot of it is just rubbish. So yeah, confidentiality is so so important, and that goes for any business. And to the fan representative that is something that we must really stress. The Supporters' Trust thinks that their Margaret, who sits on the board, should come back to them and disclose all the information. The problem with that is that it then goes to the eight people on their board, and it only takes one of them to talk and then it goes public. You need to tread carefully, because that is something that could cause problems."*

IH: *"One of the things that can be a concern is having a supporters' representative on the board. That person has an enormous conflict of interest. And that has the potential to upset the dynamic very quickly. Because, by being on the board, he or she is going to be in possession of all sorts of confidential information: players' salaries, managers' salaries, gossip from the dressing room etc. Now supporters are going to say, 'you're my representative on the board; tell me what is going on'. And his fellow directors are going to say, 'hold on, you are a director of the football club, you have duties of confidentiality'."*

The above quotes highlight a concern among the directors that fan representatives, given their conflict of interest, can be potentially disruptive to board dynamics. However, another theme to emerge from the data was that MR is considered to be a trusted and competent fan representative, and thus, DAFC's board cohesion is not affected adversely by her presence. The following quotations highlight this view:

BG: *“Margaret Ross is a very capable fan representative. But she is also a woman who has had experience in business and she knows a lot about systems and how to make companies and boards function well. She knows the importance of commercial confidentiality and she can be totally trusted to manage the difficulties of her role.”*

IH: *“Margaret is brilliant; she is a natural at it [the fan representative role]. She has come from a strong business background, which helps.”*

RM: *“She [MR] has been the supporter representative since the board was formed out of the administration. She’s done a great job in a position that can be really hard. She has good relationships with the supporters’ side of it, and from the board side of things there is trust.”*

The evidence presented here suggests that the directors have established a strong level of trust with MR. Her background in business and experience of corporate environments appear to have contributed to this. Consequently, this trust allows the board to work together cohesively and benefit from openness of discussion, without concerns that confidential information will be leaked from the board. This illustrates how RSC, in the form of trust, increases board effectiveness by facilitating board cohesion.

7.7.2 *Influence of Cognitive Social Capital*

To recap, CSC includes shared norms, values, attitudes, and beliefs that predispose people towards mutually beneficial collective action (Nahapiet and Ghoshal, 1998). A common theme to emerge from the data was that if the board is to work together as a cohesive group, directors must have a shared vision for the future of the club. The following comments illustrate this:

BG: *“You’ve got to be saying to yourself, if someone is coming on the board of Dunfermline Athletic over the next few years, these are the key capabilities that they must possess. But ultimately, if you’re going to be effective, you need to have the ability to work with the rest of the board. And that requires living the ethos that Pars United set out. If you don’t agree with it, or you don’t want to buy into the collective, then don’t go onto the board - it’ll be a waste of time. Because you will be a square peg in a round hole.”*

IH: *“I think our board is terrific. I originally said I would do it for a year and then I would come off, and I am still here. The reason I am still here is that I enjoy it so much. The guys are very good. First of all, we are all committed Dunfermline supporters. But they think with their head, not their heart.”*

The above extracts highlight a perception from the DAFC directors that if the board is to work together cohesively, they must all agree on the direction that the club is following. This is illustrated by BG’s view that an effective board requires directors to “live the ethos that Pars United set out”. Moreover, IH suggests that the board is effective because they think the same way – with their “head, not their heart”. The evidence presented here therefore demonstrates how CSC, in the form of a shared vision and a mode of thinking, facilitates the board in working together cohesively. In turn, this increases the effectiveness of the board.

It should be noted, however, that DAFC directors did not generally perceive mutual agreement to be necessary in all instances. In contrast, a common theme in the interviews was that conflict over decisions could be beneficial when the decisions relate to methods of implementing their strategy, but it is not helpful when it concerns the broad strategy itself. KM described this point:

KM: *“[For an effective board] First of all there needs to be a broad consensus. So we all have to, in a general sense, have the same aims and aspirations. Which we do. We are all happy that we are a community club, we are all happy we are a CIC etc. etc. So that is a strong point. I am not saying we don’t have discussion and disagreement, because we do... But that is more about the ways in which we do things. And that can be a good thing, you know, because if everyone just says ‘yes, yes’ and goes along with everything, you won’t evaluate all of your options. But that only goes so far. If someone were to come on the board and say ‘hey, I think this CIC idea is rubbish, lets find outside investment’, that kind of disagreement is not a good thing. So it is a balance.”*

This quote indicates a view that a shared understanding and vision, which constitute CSC, is necessary for directors when it comes to the club’s broad strategy. The evidence suggests that a lack of consensus in this instance will be detrimental to board cohesion and the board will not be capable of operating effectively. However, for tactical decisions related to implementing the strategy, a shared understanding (or CSC) is not always

necessary for effective board dynamics. In contrast, differences in opinion are argued by KM to facilitate a wider evaluation of potential options, which can subsequently lead to more effective decision-making.

7.8 Interaction of Social Capital Dimensions

This research investigates how social capital influences board effectiveness within the Scottish football context. Thus far, the analysis has focused on the how individual dimensions of social capital influence the two criteria of board effectiveness outlined by Forbes and Milliken (1999). However, in order to extend social capital theory and generate a robust understanding of its influence on Scottish football club boards, this research must also establish how the three dimensions interact before eventually influencing board effectiveness.

Data show that the social capital dimensions interacted in two main ways. First, CSC facilitates the development of SSC. Second, CSC facilitates the development of RSC. This means that high levels of CSC increased the levels of other forms of social capital. CSC therefore appears to be the building block for the other two dimensions, before they eventually influence board effectiveness. The process of how this occurs is now described.

7.8.1 Cognitive and Structural Social Capital

In section 7.3.1, it was argued that the ‘community values’ imparted on the club by the current board has resulted in more volunteers and supporters engaging with DAFC. The notion that their values have led to increased levels of connectivity with stakeholders illustrates how social capital dimensions interact. In particular, it suggests that CSC acts as a facilitator for SSC, in that mutual community values (CSC) leads to increased engagement (SSC). This inference is supported by the evidence presented in Figures 7.1 and 7.2, and by the following quotations:

RM: *“We’re reaching audiences within the community that the club never got to before. We’re sticking by our values and people like that, they can relate to us. So all these things contribute to why we’re getting people together who believe that the club’s got a promising future. It’s positive, let’s stick with it and do what we can to help the club move up.”*

KM: *“Because we are a CIC and everything that comes with it, we have got the volunteers, we have got the goodwill. And as a football club, we are in a very very strong position going forward. You know, I am very optimistic.”*

The above comments from the DAFC directors indicate a facilitating effect from the cognitive dimension (through shared values) to the structural dimension (network connections). The build-up of social capital dimensions subsequently has a positive impact on board task performance and therefore board effectiveness. Specifically, the interaction between the cognitive and structural dimensions appears to assist the board with its strategic role of community engagement.

7.8.2 Cognitive and Relational Social Capital

When directors were asked about board dynamics, the importance of trust and sharing a common vision were frequently cited issues. Furthermore, it was suggested by the participants that if a board shares a common vision, this could lead to the development and strengthening of trust levels. For example:

RM: *“When we were going through administration it was chaotic. There were 100 different opinions about what should happen. You saw people that may have a successful business on the surface of it, but when you listen to their ideas, you think ‘ehh! Is that logical to them?’ So we managed to sort of cut through that and some people left the scene. And the guys that kind of came to the surface, we all thought ‘we all have different skills, we’ve all got the same idea, let’s work together’, and because of that we have become really close.”*

This quote highlights how multiple parties were involved during the administration period, yet they did not all share an understanding of how the club should continue. However, the people that eventually “came to the surface” did have a common understanding, which is suggested to have allowed them to work together cohesively. Subsequently, this common understanding, which constitutes CSC, led the board to “become really close”. As ‘closeness’ is a feature of RSC, this evidence highlights how CSC has a facilitating effect on the relational dimension. Further evidence to support the notion that the cognitive dimension facilitates the relational dimension was provided by MR:

MR: *“Everyone has bought into the idea of a CIC, everyone is behind it. You know, everyone is here for the same reason. If we weren’t here as directors, we would all be standing on the terraces cheering the team on with our scarves, same as everybody else. You have an appreciation for that and it helps to create trust.”*

As MR suggests, all of the directors appear to be strong proponents of the community strategy that DAFC is pursuing and the decision to establish the club as a CIC. This mutual understanding and shared vision has subsequently facilitated the development of trust between the directors. Thus, the evidence illustrates how CSC helps to increase levels of RSC. In turn, the build-up of social capital assists the board in working together cohesively and therefore becoming more effective.

7.9 Chapter Conclusion

This chapter has presented the findings of the third case study club, Dunfermline AFC. The chapter began by providing an overview of board roles. This was followed by a discussion of how social capital influences the performance of the specific roles incumbent on the board. CSC and SSC appeared pertinent for the strategy and resource co-optation roles. The control and operational roles relied primarily on human capital, with social capital not reported to have a meaningful influence. RSC and CSC were found to be important facilitators for effective board dynamics, whilst CSC appeared to act as a ‘building block’ for the development of other forms of social capital.

Chapter Eight: Cross-Case Analysis and Discussion

8.1 Introduction

The previous three chapters have presented the findings regarding how social capital influences board effectiveness in the individual case studies. The purpose of this chapter is to synthesise the findings from the individual cases and discuss how they relate to the literature. The structure of the chapter mirrors the research objectives. A discussion of how the roles incumbent on the three boards compares with the extant literature's view of board roles is provided first. The influence of social capital on the performance of those roles is then analysed in relation to previous research. Social capital's influence on board dynamics is then discussed, before the nature of the interaction process between social capital dimensions is explored with reference to previous studies. Finally, this chapter discusses how the data extends Nahapiet and Ghoshal's (1998) three-dimensional model of social capital.

8.2 Board Roles in Scottish Football

Identifying the roles incumbent on the three boards under investigation is a central aspect of this research. As discussed in section 2.4, in order to understand board effectiveness, researchers must establish how successfully a board performs its specific roles (Forbes and Milliken, 1999). Board roles are individualised and can vary widely between industries and organisations (Huse and Rindova, 2001). Consequently, the first objective of this research was to establish the role of the board within three Scottish football clubs. Only by achieving that objective would the researcher have a foundation on which to build a study on board effectiveness.

The data show that there are three common roles across the cases: the strategic, resource co-optation and control roles. For the resource co-optation role, however, RRFC and DAFC have an additional task relating to succession planning that did not appear to be as important for HMFC. Moreover, RRFC and DAFC have a significant operational role that does not apply to HMFC's board to the same extent. HMFC, on the other hand, has a prominent service role that is not important for the other boards. The findings show that divergence in board roles between the cases is largely a result of HMFC being a larger business with more resources.

Although all three cases fall into the SME category (European Commission, 2005), HMFC is closer to a medium-sized company while the other clubs are small companies. The Companies Act 2006 posits that a company is defined as small if its revenue is below £5.6m and it has fewer than 50 employees (Davies, 2008). Table 4.9, which cross-tabulates the main characteristics of the cases, illustrates their revenue and employee numbers. Table 8.1 below highlights the roles incumbent on each board.

The following sections of this chapter discuss the board roles in more detail and how the findings relate to the extant literature. The three common roles that exist in all cases are discussed in aggregate first. This is an appropriate approach because these roles are similar in function across the cases. Following that, the roles that are not shared across the cases are analysed individually. Individually discussing board roles that are important in some cases but not in others allows for a deeper understanding of the factors that contribute to the make-up of the board's function. Moreover, it allows stronger comparisons to be made between cases regarding how they relate to the board roles literature.

		Football Club		
		HMFC	RRFC	DAFC
Board Roles	Strategy	✓	✓	✓
	Resource Co-optation	✓	✓	✓
	Control	✓	✓	✓
	Service	✓		
	Operations		✓	✓

Table 8.1: Board Roles within the Cases

8.2.1 *Common Board Roles: Strategy, Resource Co-optation and Control*

There was consistency across the cases in that all three boards have an important role in strategy, resource co-optation and control. The strategy role, in this research, primarily involves strategic activities that are conducted external to the organisation such as community engagement. Resource co-optation refers to the responsibility of directors to provide access to resources, whether that be human or financial resources. The control role involves monitoring the performance of senior management.

The strategic and control roles were identical in function for all clubs, with community engagement constituting the defining feature of the strategic role and monitoring managerial performance the main aspect of the control role. Similarly, sponsorship

acquisition was a key feature of the resource co-optation role for all three boards. The three main streams of board roles research, which focus on SMEs (Borch and Huse, 1993; Davis and Pett, 2000), corporations (Hillman et al, 2000) and non-profits (Cornforth, 2003) all acknowledge the control, strategy and resource co-optation roles. Thus, as far as these roles are concerned, Scottish football clubs do not appear to deviate from conventional thinking regarding 'what boards do'. Moreover, the findings show a strong fit with the literature on board roles within amateur sport organisations, with previous research showing strategy, resource co-optation and control all to be important functions of the board in this context (Ferkins et al, 2009; Inglis, 1997; Yeh and Taylor, 2008).

The emergence of the aforementioned roles as being important across the cases provides support for the agency and resource-dependency perspectives on the function of the board. Agency theory rationalises the need for the control role in response to the separation of ownership and management (Zahra and Pearce, 1989). Resource-dependency theory offers a basis for the strategy and resource co-optation roles due to its perception of directors acting as boundary spanners that can provide access to crucial resources (Hillman et al, 2009). There is consensus in the governance literature that a multi-theoretical framework is needed to explain fully the roles and responsibilities of boards (Aguilera et al, 2008; Daily et al, 2003; Stiles and Taylor, 2001). Thus, the findings of this study, which indicate that the three boards under investigation have multiple functions, support the extant literature's view that a multi-theoretical approach is needed to understand board roles. In particular, this research provides support for the agency and resource-dependency theories.

The findings of this research, which show that there are three common board roles across the case studies, provides a foundation on which to assess board effectiveness. Specifically, this study must examine how social capital influences the ability of the three boards to perform their strategy, resource co-optation and control roles in order to gain an understanding of board effectiveness. Further, the findings show that board roles in Scottish football clubs are consistent with the literature on SMEs and sport organisations (David and Pett, 2000; Yeh and Taylor, 2008).

8.2.2 *Succession Planning Role*

The succession planning role, in this research, refers to the board's responsibility in sourcing replacements for director and employee positions within the club. As previously indicated, the function of the resource co-optation role differed for HMFC compared to the other clubs. It emerged from the interviews that succession planning is an important role for the boards of RRFC and DAFC because these clubs rely on directors to work in a voluntary capacity. This means that directors not only need the skills and experience to perform the job, they must also be willing to work without remuneration and have sufficient time to carry out their duties. Thus, they are looking for directors with specific kinds of human capital. It was suggested by directors from both of these boards that identifying individuals who fit these criteria is challenging, and therefore, sourcing replacements for board members is a prominent aspect of their role. In contrast, HMFC has the capacity to pay directors' fees, and consequently, succession planning was not suggested to be such an important board task. Although HMFC's board is responsible for succession planning, the wider pool of candidates available to them, given their geographic position and financial resources, means that little time is dedicated to this role. Thus, the extent of resources available to HMFC appears to be a distinguishing factor in terms of the roles incumbent on its board compared with the two smaller clubs.

The findings of this study, which show a contrast between the cases in terms of their succession planning role, are complemented by previous research on board roles. There is an acknowledgement in the governance literature that the function of the board is dependent on contingent factors such as the organisation's ownership structure and its relationship with stakeholders (Fiegener et al, 2000; Gabirelsson and Huse, 2002; Huse, 2000). The present study adds to this literature by highlighting how the financial resources available to an organisation and its geographic position influence the composition of its board roles. Thus, it provides support to the broader notion that board roles are influenced by situational factors (Huse, 2000), and reinforces the pertinence of resource-dependency theory in understanding the function of the board in Scottish football.

In the current research, succession planning emerged as an important board role in cases where directors are required to work in a voluntary capacity. Consequently, comparisons can be drawn from the non-profit governance literature as directors often work without remuneration (Cornforth, 2003). For example, Cornforth (1999, 2001, 2003) argues that

recruiting board members with sufficient experience, time and enthusiasm is a critical and often challenging function for non-profit boards. Board roles research on corporations, on the other hand, places a stronger emphasis on the control and service roles with limited importance placed on succession planning for director positions (Forbes and Milliken, 1999; Hillman and Dalziel, 2003; Zahra and Pearce, 1989). The present study therefore suggests that board roles within Scottish football clubs operating on similar budgets to DAFC and RRFC are more closely aligned with non-profit organisations than corporate enterprises. HMFC is Scotland's third largest club in terms of revenue, and as a result, the roles carried out by its board appear to mirror those of larger, for-profit enterprises. Thus, this research shows that Scottish football clubs do not have a homogenous approach to governance – clubs categorised as small companies appear to be similar to non-profit enterprises while the larger clubs are akin to corporations.

Although succession planning is cited as a prominent board task in the non-profit governance literature (Cornforth, 1999, 2001, 2003), limited research has explored why it is important. The present study offers a valuable insight into this knowledge gap. For example, participants discussed at length how their inability to remunerate directors, coupled with the time constraints of the job, renders succession planning a particularly prominent issue for RRFC and DAFC's boards. Thus, the voluntary nature of the job appears to make succession problematic for those Scottish football clubs who fall into the category of small companies.

In sum, the contrast between HMFC and the two smaller clubs in terms of the succession planning role highlights three pertinent points for this research. First, it provides support for the extant literature's view that board roles are dependent on contingent factors, and reinforces the relevance of the resource-dependency perspective on the role of the board (Gabirelsson and Huse, 2002; Huse, 2000). Second, it suggests that Scottish clubs categorised as small companies, given their limited resources, are more aligned to non-profit organisations in terms of board roles. Conversely, this research shows that Scottish clubs categorised as medium-sized enterprises are more similar to corporations with respect to board roles. Such clubs are in the minority in Scottish football, as only four Scottish clubs (Celtic FC, Rangers FC, Aberdeen FC and Heart of Midlothian FC) technically qualify as medium-sized companies or larger. Third, this study builds on Cornforth's (2003) research on the governance of non-profits by highlighting why succession planning is important for these organisations. Findings suggest that the

voluntary nature of the job limits the pool of candidates, which makes it difficult to recruit people with the requisite skills, time and enthusiasm. Finally, identification of this role provides a basis for analysing board effectiveness.

8.2.3 *Operational Role*

There were further differences between the cases in terms of the boards' operational function. The operational role refers to the board's involvement in the day-to-day activities of the football club. It emerged from the interviews that for RRFC and DAFC, the distinction between executive and non-executive director is blurred. At both clubs, directors appear to get involved in the clubs' day-to-day activities whenever they have the skills and time to do so - suggesting the board has an informal, *ad-hoc* operational role. In contrast, board roles for HMFC are more clearly defined. They have three executive directors who are involved in the club's day-to-day activities, and three non-executive directors whose involvement with the club is limited to board meetings. Thus, HMFC's board does not have the same *ad-hoc* operational role as the two smaller boards. Again, the reason for this appears to be that HMFC, as a business, is a much larger operation. Consequently, it is required to, and can afford to, employ an additional layer of senior managers that RRFC and DAFC cannot. This layer of senior management performs the operational functions that the directors are required to carry out in the two smaller clubs.

The requirement for RRFC and DAFC to perform an operational function runs contrary to the majority of current thinking concerning 'what boards do'. In particular, the mainstream governance literature, which predominantly focuses on large corporations, proposes that boards generally do not, and should not, have a role in the day-to-day running of the company (Jackling and Johl, 2009; McIntyre et al, 2007; Shleifer and Vishny, 1997). Research on the governance of non-profits (Carver, 2011; Preston and Brown, 2004) and amateur sport organisations (Ferkins et al, 2009), however, does provide evidence that the distinction between non-executive and executive director can be ambiguous. Indeed, a number of studies in this area have discussed how the board is required to take on an operational role in situations where there are diminished resources (Sakires et al, 2009) and when the organisation is experiencing change (Inglis et al, 1999). Again, this evidence highlights how the governance of smaller Scottish football clubs fits closely with the literature on non-profits and amateur sports clubs.

Conversely, HMFC, with its clearly defined board roles, appears to be comparable with larger corporations. The contrast in terms of the operational function of the three boards being studied further reinforces the premise that board roles are dependent on a variety of contingent factors (Gabirelsson and Huse, 2002; Huse, 2000).

A common theme in the interviews with directors from RRFC and DAFC was that the boards' practice of getting involved in day-to-day running of the clubs is not considered a negative practice. Indeed, the majority of directors argued that their *ad-hoc* operational role is something to be proud of and suggested that it is an indication of an effectively run football club in which actors are more committed and united. This perception is contradicted by a widely held view in the governance literature that board independence and clearly defined board roles are advantageous (Jackling and Johl, 2009; McIntyre et al, 2007; Shleifer and Vishny, 1997). This view is particularly strong within research on corporations, and symptomatic of this view is that public limited companies are required to have a majority of non-executive directors on their board by law (UK Corporate Governance Code, 2016).

For two of the present study's case studies, however, informal and fluid board roles were reported to be an effective approach to governance as it facilitated an environment in which every director contributed as much as possible towards their club's success. In practice, this means directors are responsive to any issues arising within the club that they would not ordinarily be required to deal with. Examples of this include directors driving the youth team's mini-bus to matches when the normal driver is indisposed, or liaising with the police with regard to any misbehaviour among the fan base.

The literature on board independence in non-profit and amateur sports organisations further contradicts this aspect of the findings. Although the operational role is recognised as an occasionally necessary system in these contexts, it is nevertheless viewed unfavourably and, if possible, to be avoided (Carver, 2011; Sakires et al, 2009). Thus, the findings of this study appear to be rare. The notion that a board will benefit from informal and fluid board roles is not supported in any stream of the governance literature (Cornforth, 2001; Van den Heuvel et al, 2006; Zahra and Pearce, 1989). The originality of the present study's findings, which indicate a perception that the operational role is a sign of a successful organisation, can be largely attributed to the uniqueness of the Scottish football context. This is a setting in which organisations are in an exceptionally

competitive business environment in which income rarely matches stakeholder expectations. As a result, the benefits that fluidity in board roles brings appear to outweigh the benefits of clearly defined roles.

8.2.4 *Service Role*

In this research, the service role concerns the responsibility of the board to provide advice and counsel to senior management. The findings indicate that the two smaller clubs do not have an important service role. In contrast, HMFC's board does have responsibilities in this area. The reason for this divergence appears to be that HMFC has four senior managers, whereas senior management duties are predominantly carried out solely by the CEO and directors at RRFC and DAFC. Thus, there is more opportunity to perform a service function at HMFC because there are more individuals at a managerial level subordinate to the board. The boards of the two smaller clubs did occasionally provide advice and counsel to their CEOs; however, this was rare and was not reported to be an important part of their function. The additional layer of senior management at HMFC means that its decision-making processes are less centralised than the two smaller clubs, where there is one individual (the CEO) tasked with overseeing the majority of the clubs' day-to-day activities.

For the roles discussed in the preceding sections, the data on RRFC and DAFC generally align with the literature on SMEs, non-profits and amateur sport organisations. These three contexts are similar in how they conceptualise the role of the board (Cornforth, 2001; Sakires et al, 2009; Van den Heuvel et al, 2006). However, with respect to the service role, RRFC and DAFC contradict the literature in these areas. For example, Van den Heuvel et al (2006) suggest that the service role is the most important function of the board for SMEs. Similarly, the service role is acknowledged as a key board role in non-profits (Cornforth, 2003) and amateur sports organisations (Inglis, 1997). The literature focusing on the governance of corporations also identifies an important service role (Forbes and Milliken, 1999; Hillman and Dalziel, 2003; Zahra and Pearce, 1989). The findings of RRFC and DAFC in relation to the service role, therefore, contrast with the majority of governance research. However, given its conventional governance structure and prominent service role, the findings relating to HMFC are supported by the broader governance literature. Again, the divergence between cases in terms of board roles shows that the literature on board roles must be sensitive to contextual factors such as the size

of an organisation. Thus, this research suggests that board roles are idiosyncratic and broad generalisations concerning the function of the board may not be valid.

The limited need for a service role for RRFC and DAFC appears to be the result of their directors' involvement in the clubs' operational activities. It is logical that the need for a service role diminishes if the individual responsible for delivering an advisory function is the same individual performing the task upon which they are supposed to advise. Thus, the inclusion of an operational role seems to reduce the need for a service role. Although an operational role has been acknowledged in previous research on non-profits (Inglis et al, 1999) and amateur sports organisations (Sakires et al, 2009), these studies have not examined the effect that an increased operational function has on the importance of other roles, and thus, there is novelty to these findings. Again, the uniqueness of the Scottish football context appears to be a key factor concerning why the composition of board roles at DAFC and RRFC contrast with the governance literature on SMEs and non-profits. The financial pressures of the industry necessitate a governance approach in which maximum involvement and fluidity of board roles is required. Ultimately, this emphasis on operational involvement renders the service function inapplicable for the smaller clubs.

8.2.5 *Board Roles Summary*

In order to understand how social capital influences board effectiveness, this study must examine how successfully each board performs its specific roles (Forbes and Milliken, 1999). Therefore, identifying the roles incumbent on the three boards under investigation was a key objective in this research.

Thus far, this chapter has described what the roles of the board are in each case study and discussed how they relate to the extant literature. The present research shows that there is divergence between the cases in terms of their roles. The contrast in respect to the resources available to HMFC as opposed to RRFC and DAFC appears to be the distinguishing factor concerning the roles that their boards are required to perform. Broadly, this is consistent with previous research that indicates board roles are dependent on a variety of contextual factors (Fiegener et al, 2000; Gabirelsson and Huse, 2002; Huse, 2000). Further, it supports the widely held view that a multi-theoretical approach is needed to explain board roles adequately (Hung, 1998; Stiles and Taylor, 2001). In

particular, agency theory, and especially resource-dependency theory, emerged as suitable frameworks in this study.

The findings of this study also suggest a trend in Scottish football whereby, in terms of board roles, clubs defined as small businesses generally fit with the literature on SMEs and non-profits (Cornforth, 2001; Huse, 2000), while clubs considered as medium-sized are more closely related to the literature on corporations (Hillman et al, 2000). The trend is illustrated with respect to the additional succession planning and operational roles that RRFC and DAFC's boards are required to perform, which are regarded as important for SMEs and non-profits too (Inglis et al, 1999; Sakires et al, 2009). Conversely, HMFC, given its conventional governance structure, is similar to corporations in terms of the emphasis on the control and service roles, and lack of operational responsibility (Forbes and Milliken, 1999; Hillman and Dalziel, 2003; Zahra and Pearce, 1989). The discussion and identification of board roles within the case studies provides a basis for examining how social capital influences board role performance and effectiveness. It is to this issue that this chapter now turns.

8.3 Social Capital's Influence on Board Role Performance

To establish how social capital influences board effectiveness, this research first examines how social capital influences board role performance (Forbes and Milliken, 1999). The previous three chapters explored the relationship between social capital and board role performance in individual cases. This section builds on those individual case findings by examining trends across the football clubs. Furthermore, those trends are discussed regarding how they relate to the extant corporate governance literature. The main board roles that emerged from the findings are discussed in turn. First, however, the conceptualisation of social capital adopted in this study is reiterated.

To recap, this study adopts Nahapiet and Ghoshal's (1998: 243) definition of social capital: "the sum of the actual and potential resources embedded within, available through... the network of relationships possessed by an individual or social unit". The authors further divide social capital into three dimensions: structural, relational and cognitive. Structural social capital (SSC) refers to network ties and basic connections to other individuals or organisations. Relational social capital (RSC) commonly refers to the

strength of relationships (i.e. trust and respect). Cognitive social capital (CSC) encapsulates shared visions, values and beliefs.

As discussed in section 3.2, Nahapiet and Ghoshal's (1998) framework was an appropriate lens of social capital to underpin this study. In this research, the framework has explained how internal and external forms of social capital influence board effectiveness through the lens of the three dimensions. Such an investigation would not have been possible with other prominent definitions that do not acknowledge both internal and external characteristics of social capital (Bourdieu, 1985; Coleman, 1990; Fukuyama, 1995). As was highlighted in section 3.2, definitions of social capital that acknowledge internal and external linkages are suited to research on boards of directors due to the nature of their responsibilities and activities (Barroso-Castro et al, 2015).

8.3.1 *Strategic Role*

The main aspect of the strategic role across the cases was community engagement. There was consistency across the cases regarding why community engagement is a prominent role. First, there was a recognition from directors in all cases that a community-focused strategy is the ethically appropriate course of action, and therefore, community engagement must represent a key board function. Furthermore, the community-focused strategy was widely considered the most effective strategy from a commercial perspective, and thus, community engagement is suggested to be critical for business success among Scottish football clubs.

Social capital emerged as an important resource for carrying out the strategic role in all three clubs; however, there was divergence between the cases regarding which dimension of social capital was most pertinent. For HMFC and DAFC, CSC appeared to be the dominant dimension and had a facilitating effect on the board's community engagement function. It was frequently mentioned by directors in both cases that the community-centred and family-friendly values that the boards have imparted on their clubs have resonated with members of their communities. In turn, these shared values have led to increased levels of engagement with HMFC and DAFC. Such shared values represent the creation of CSC between the clubs and their local communities. Thus, the evidence illustrates how CSC influences board effectiveness by assisting the board with its community engagement role.

The suggestion from directors that shared values with supporters facilitates greater community engagement is supported by the evidence found on each club's online supporter discussion forum. There was repeated evidence across the forums of supporters stating that they admired the values the current board had imparted on their club, and consequently, they were more likely to engage with the club. Engagement occurred in a variety of ways including attending matches, taking part in community activities and, in HMFC's case, visiting the memorial garden and club museum. Thus, the data taken from the forums corroborated the interview data for all three cases. However, although the interview and forum data largely suggests that CSC is a beneficial resource for the strategic role across the cases, there was nevertheless evidence on HMFC's forum that the shared values between the board and certain sections of the community has disenfranchised others.

These findings, which suggest CSC predominantly facilitates community engagement, are broadly supported by previous social capital research. A number of studies exploring the effects of CSC have found it to be useful for organisations. The facilitating effect of CSC has been observed in relation to various outcomes such as inter-organisational communication (Nahapiet and Ghoshal, 1998; Walsh, 1995), innovation (Garcia-Morales et al, 2006), research and development (Westerlund and Svahn, 2008) and efficient information flow (Edelman et al, 2004; Newell et al, 2004). Nevertheless, although various studies suggest CSC is a useful resource for organisations, little research has explored its relationship with community or stakeholder engagement specifically. This particular aspect of the findings can therefore be considered new. Observing the benefits that CSC has on an organisational function is common; however, this study represents a rare attempt to show this effect in the context of community engagement.

For RRFC, on the other hand, SSC and RSC were the dominant dimensions in performing its community engagement role. In RRFC's case, the connections of two particular directors with local community organisations was one of the key factors in improving engagement levels. The two directors in question – Tom Phillips and David Wann – were in a position to promote the club's community initiatives directly due to their involvement with various community groups. Moreover, a common theme in the interviews with RRFC directors was that the reputation of trustworthiness and respect that the club has built up in the community has led to an improvement in engagement levels with the local community and supporters. Both SSC and RSC therefore appear to have a strong

influence on the performance of the strategy role in this case. For RRFC, the notion of shared values between the club and the local community was considered less important for community engagement than directors' network connections and the notion of trust. Thus, there appears to be significant differences between the cases in terms of what aspect of social capital is considered useful for community engagement. The explanation for why these differences exist is theorised in section 8.5.1 of this chapter on the interaction of social capital dimensions.

The facilitating effect that SSC and RSC have on RRFC's community engagement role is supported by the findings of previous social capital research. In general, both SSC and RSC have been shown to be a useful resource for organisations in relation to a wide range of business activities and functions (Adler and Kwon, 2002; Lee, 2009; Zheng, 2010), which complements the present study's findings. Furthermore, the extant literature shows that SSC is beneficial for stakeholder engagement, with network size and centrality suggested to be particularly important (Maak, 2007; Muthuri et al, 2009). Stakeholder engagement is analogous to community engagement, and thus, the literature provides support for the relationship proposed in this study between SSC and community engagement. Less research has explored RSC's influence on community engagement directly. However, a small number of studies have proposed that organisations must seek to establish trust in stakeholder relationships if they are to encourage them to engage with the business (Lawrence, 2002; Seow et al, 2006; Swift, 2001) – again, this complements the findings of the present study.

The findings of the current research indicate that social capital is a prominent and useful resource for Scottish football club boards when carrying out their strategic role of community engagement. Each of the three dimensions were found to facilitate this role. As discussed above, these findings are widely supported in the literature. Although there was consistency across the cases in that social capital was considered a useful resource for the strategic role, there was nevertheless divergence concerning which of its three dimensions acted as a facilitator. The underpinning reasons for this divergence are discussed later in this chapter (section 8.5).

8.3.2 *Resource Co-optation Role*

Analysis of the data revealed that social capital is a key resource for RRFC and DAFC in how they carried out the succession planning part of their resource co-optation role. In both cases, SSC was the dominant dimension. Directors' connections with their local communities and supporters' groups appeared to assist the board in identifying potential candidates that fit the criteria required to be a director of both clubs – namely, they possess useful skills and are willing to work without remuneration. The utilisation of directors' individual networks to identify targets highlights how SSC helps the board to perform its role of recruiting directors. The evidence does not suggest that RSC and CSC were important for this function. SSC constructs including network size and centrality, however, are shown to be crucial for performing this aspect of their resource co-optation role as they provide the structure for reaching suitable candidates. Consequently, this augments their overall effectiveness as a board of directors.

The findings of this study, which show SSC to be a useful resource for RRFC and DAFC's boards in performing their succession planning functions, are supported by the literature. As was discussed in relation to the strategic role, SSC has been shown to be a beneficial resource for organisations in relation to a wide range of business functions and outcomes (Adler and Kwon, 2002; Lee, 2009, Zheng, 2010). Thus, previous research that focuses on the effects of SSC in general appears to corroborate the findings of the present study.

Previous studies exploring the effect of SSC on succession planning directly are similarly supportive of this research. There is a developed literature highlighting the importance of social and associational ties in promoting volunteering (Jackson et al, 1995; Jones, 2006; Paik and Navarre-Jackson, 2011; Wilson and Musick, 1997). Such studies suggest that organisations composed of volunteers with large and diverse individual networks can benefit from such networks to recruit more volunteers (Paik and Navarre-Jackson, 2011). This proposition provides further support for the present study's findings, which indicate that the individual networks of directors at both RRFC and DAFC are crucial for how they recruit directors - who also work in a voluntary capacity.

For the boards' roles in sponsorship, SSC and CSC were both important facilitators across the three cases. In each case, evidence suggests that the networks of individual directors were crucial in sourcing potential sponsorship opportunities. Connections with

organisations that directors had previously worked for, or worked with, were a common path to sponsorship acquisition. Network size and centrality therefore emerged as key facilitators for all three boards when acquiring sponsorship.

The extant literature supports the identified link between networks and sponsorship. Studies have consistently shown SSC to enhance an organisation's ability to access finance and investment – which is a similar activity to sponsorship acquisition (Batjargal and Liu, 2004; Guiso et al, 2004). For instance, Uzzi (1999) shows that organisations with diverse networks in the banking sector are more likely to receive loans and get lower interest rates. Moreover, Shane and Cable (2002) highlight that entrepreneurs with a significant number of network ties are more likely to receive investment in the start-up phase. Thus, the aforementioned studies support the findings of this research that sponsorship acquisition is aided by strong SSC in the form of diverse and large networks.

In each case, the concept of shared values (CSC) also appeared to be an antecedent for sponsorship acquisition. Directors across the cases frequently described how the sponsors of their clubs have been motivated to become sponsors because they share the boards' community values. Further, they have been motivated to become sponsors because they share the vision of becoming a socially responsible community club. Thus, in addition to SSC, CSC appears to facilitate sponsorship recruitment directly, with shared values and visions in particular suggested to encourage actors to sponsor the football clubs.

Less research has explored how CSC influences the ability of organisations to co-opt resources. Thus, the relationship proposed in this study between CSC and sponsorship acquisition represents a more novel addition to the literature compared to the relationship suggested to exist between SSC and sponsorship acquisition. Previous research that has explored the effects of CSC generally focuses on the CSC shared between actors within an organisation or group. Such studies argue that actors who share a vision or values can accrue various benefits and are more likely to be successful in an inter-organisational setting (Inkpen and Tsang, 2005; Krause et al, 2007; Parra-Requena et al, 2010; Tsai and Ghoshal, 1998).

The findings of the present study extend this stream of literature by showing how shared values between an organisation and actors external to the organisation can lead to success in terms of enhanced board effectiveness. This aspect of the findings is supported by

previous research that shows that CSC shared between actors in virtual communities (Chiu et al, 2006), and between entrepreneurs and investors (Jonsson, 2014), leads to a competitive advantage. Moreover, research by Chadwick and Thwaites (2006) finds that shared values (in addition to perceived benefits and opportunistic behaviour) encourages commitment among football supporters to their club's sponsors. Further, Morgan et al (2015) suggest that the satisfaction of commercial sponsorship partners in the sport setting is dependent on commercial benefits and relational values. However, this remains an underdeveloped body of literature. The present study's findings can therefore be considered new in that they highlight how CSC can be a useful resource for organisational success even if the actors involved are not all internal to a single organisation.

In sum, the findings illustrate how both SCS and CSC are useful for the board's role in resource co-optation. This is evidenced in relation to RRFC and DAFC's role in succession planning whereby SSC was crucial in providing access to potential candidates. As discussed, this aspect of the findings is supported by the extant literature, which has previously shown SSC to be a vital resource in the recruitment processes of organisations that rely on volunteers (Jackson et al, 1995; Jones, 2006; Paik and Navarre-Jackson, 2011; Wilson and Musick, 1997). Given that previous research has already established a strong link between SSC and recruitment, significant support exists to corroborate the present study's findings.

Sponsorship acquisition was found to be an important aspect of the resource co-optation role for all three boards. There is consistency across the cases in that both SSC and CSC appeared to be useful resources for the performance of this role. The literature provides strong support for the facilitating effect this research suggests SSC has on sponsorship acquisition. For instance, various studies have shown SSC to be important for providing organisations with access to finance and investment (Batjargal and Liu, 2004; Guiso et al, 2004; Uzzi, 1999). However, less research has explored the relationship between CSC and resource co-optation. Thus, the present study's findings, which show that shared values assist with sponsorship acquisition, can be considered new. Nevertheless, in a broad sense, the findings of this research are supported by a well-established field of literature that shows social capital to be an antecedent of competitive advantage in a variety of contexts and in relation to a wide range of business practices (Adler and Kwon, 2002; Lee, 2009; Zheng, 2010).

8.3.3 *Control Role*

There appeared to be consistency across the cases in terms of the resource required for the control role to be performed successfully. None of social capital's features were claimed to be important in any of the cases. In contrast, human capital emerged as the critical resource. As the monitoring function for each club primarily involved scrutinising reports from either the CEO, senior management or the football manager, directors across the clubs claimed that an understanding of how each aspect of the business works, and an ability to understand financial reports, was key to the successful performance of their control role. Social capital, therefore, did not appear to be an important antecedent for this particular aspect of the board's function.

Previous research investigating the antecedents of the control role generally does not focus on concepts such as human and social capital. In contrast, the majority of research in this area discusses the importance of board incentives. This body of research, which is grounded in agency theory, proposes that board incentives must be aligned with shareholder interests for the control role to be performed successfully. Otherwise, it is argued, the managers may not be sufficiently motivated (Fama, 1980; Hillman and Dalziel, 2003; Jensen and Meckling, 1976). For example, equity compensation – which means giving directors a stake in the profits of the company – is suggested to be an effective means of aligning board incentives with shareholders' interests (Dalton et al, 2003; Elson, 1995; Jensen, 1993). Thus, the literature places a strong emphasis on economic capital in relation to the control role. The present study's findings, which suggest human capital to be the key resource, represent a new line of thought in the literature. This research extends current thinking on how boards can perform their control role by highlighting the importance of knowledge in being able to understand and therefore analyse how the CEO or senior management are performing.

The current research reveals that the control role is particularly difficult in the football context. Given that the vast majority of directors of Scottish football clubs do not have experience of working in football, a common theme to emerge from the data was that analysing the performance of the football manager, and by extension the football team, is suggested to be problematic by directors across the case studies. Thus, knowledge and experience of core business functions (and ideally an understanding of football) is considered crucial. Consequently, there was a widely held view across the cases that it is

more beneficial to have directors that are well-rounded individuals, rather than specific experts who only understand a small part of the business.

This aspect of the findings, which suggests well-rounded directors are preferable to specific experts, has generally not been explored in previous research. The extant literature on director selection has predominantly focused on how director attributes relate to performance. In particular, much of the research has explored how directors with context-specific knowledge influence organisational outcomes (Withers et al, 2012). Such studies generally support the notion that boards that possess context-specific industry expertise will perform more effectively (Davidson et al, 2004; Hillman, 2005; Walters et al, 2007). This is consistent with the present study, which shows that football knowledge is beneficial for board effectiveness. However, these findings also go beyond this body of literature by illustrating how, regardless of whether they have expertise in a certain area, directors who have a broad understanding of how all the different areas of the business work will be more effective.

8.3.4 *Service Role*

Section 8.2.4 discussed how the boards of RRFC and DAFC, given their governance structure and operational responsibility, do not have an important service function. In contrast, HMFC has a more traditional governance structure in which the board operates directly above the senior management, and therefore, HMFC's board does have an important service role. Similar to the control role, elements of human capital appeared to be the dominant facilitator of service role performance for HMFC. None of the features of social capital such as trust, shared values or network ties were deemed to be important by the participants. The service role involves giving advice and counsel to senior management. Thus, by definition, possessing the requisite knowledge (i.e. human capital) to advise the managers is considered integral to the role.

A small number of studies have highlighted the importance of knowledge and skills for the performance of the service role (Hendry and Kiel, 2004; Minichilli et al, 2009; Van den Heuvel, 2006). In particular, Forbes and Milliken (1999) suggest that if boards are to perform their service function effectively, they must be able to combine their knowledge of various business functions and apply it to firm-specific issues to help senior managers. Forbes and Milliken's (1999) argument provides support for the present study's findings

– which highlight how HMFC’s service role is dependent on the directors liaising with and counselling the senior managers who are performing functions that mirror their own previous experience. For example, the finance director Kevin Windram advised the financial controller Jacqui Duncan on budget formulation. Thus, human capital, as opposed to social capital, appears to be the dominant facilitator of the service role in this study. The literature does not generally perceive social capital to be a facilitator of the service role either (Forbes and Milliken, 1999; Minichilli et al, 2009), and this view gives further credence to these findings.

8.3.5 *Operational Role*

The data in the current study revealed that, due to limited financial and human resources, the boards of RRFC and DAFC have a prominent operational function in which they are required to assist with the clubs’ activities whenever they have the time and skills to do so. Consequently, RRFC and DAFC cannot afford to employ a senior management team and the board are therefore required to take on operational responsibility in a voluntary capacity. For example, David McMorris of DAFC, given his experience of running small businesses and financial management, takes on the role of financial controller in addition to being a director. For RRFC, the fan representative, given his skills, doubles up as the match-day announcer and designs the match-day programme. The matching of directors’ knowledge and skills to operational duties suggests that human capital, as opposed to social capital, is the primary facilitator for this role. Indeed, a common theme to emerge from the interviews with directors from both of the smaller clubs was that it is imperative they recruit directors with skills and knowledge that are directly useful to the club.

Support for the current study’s findings that human capital is the dominant facilitator of operational tasks is found in the literature on firm performance. This stream of research has consistently shown that organisations that invest in human capital, and in particular firm-specific human capital, will perform business functions such as research and development more effectively. In turn, this leads to enhanced financial performance (Crook et al, 2011; Hitt et al, 2001; Skaggs and Youndt, 2004). Such research reinforces the findings of this study, which, in a similar way, propose aspects of human capital such as knowledge and skills to be facilitators of business practices such as financial controlling.

Although previous research has already established the importance of human capital for effective performance of operational tasks (Batjargal, 2007; Cooper et al, 1994; Crook et al, 2011), this research makes a rare contribution by highlighting the relationship between human capital and operational tasks in a governance setting. As mentioned previously, the governance literature does not generally acknowledge the board to have an operational role. Thus, this aspect of the findings further shows how an understanding of board roles, and antecedents of board role performance, must be sensitive to the influence that contextual factors have on organisations.

8.3.6 *Board Role Performance Summary*

This section has examined how social capital influences board role performance in three Scottish football clubs. In doing so, the second research objective of this study has been achieved. It emerged from the research that social capital is a pertinent resource for the strategic and resource co-optation roles across the cases. For the strategic role, there was divergence between the cases concerning which dimension of social capital was prominent. For HMFC and DAFC it was CSC, while for RRFC it was SSC and RSC. Theoretical explanations for why these differences exist are offered in section 8.5.1. Despite those differences, the literature provides support for the findings of this study that all three dimensions facilitate the strategy role. For the resource co-optation role, there was consistency across the cases in terms of which dimensions were important. The structural dimension was pertinent for succession planning, while for sponsorship acquisition, SSC and CSC were relevant. The literature provides broad support for the findings of this study relating to benefits that social capital has to for the strategy and resource co-optation role.

For the control, service and operational roles, human capital appeared to be the dominant facilitator as opposed to social capital. This was a consistent theme across the cases. This distinction is supported by the governance literature, which suggests external board activities (e.g. the strategic and resource co-optation roles) are grounded in resource-dependency theory, and thus, social capital, given its emphasis on network bridging, is important for these functions (Zahra and Pearce, 1992; Van den Heuvel, 2006). In contrast, internal board activities (e.g. control, service and operations) are less focused on relationships, and consequently, concepts associated with human capital such as knowledge and skills emerged as the predominant facilitator for role performance. Thus,

this study suggests that the distinction between internal and external board roles is an important consideration when assessing how social capital influences board effectiveness within the Scottish football context. Although previous research provides broad support for notion that social capital facilitates board effectiveness (Minichilli et al, 2009), studies have not explored in detail the varying utility that social capital has on internal and external board roles. The present study therefore makes a useful contribution.

This study is not suggesting that social capital is entirely irrelevant to the control, service and operational roles. Social capital is a pervasive concept that affects most business activities, even if it is to a small extent (Adler and Kwon, 2002). This research acknowledges this, but highlights how the successful performance of the three aforementioned roles predominantly depends on the human capital available to Scottish football club boards. The literature supports the findings of this study, with human capital shown to be a pertinent resource for activities relating to the control, service and operational roles in a variety of previous studies (Crooks et al, 2011; Forbes and Milliken, 1999; Withers et al, 2012).

8.4 Board Dynamics

In order to develop an understanding of how social capital influences board effectiveness, the thesis examines social capital's influence on the internal dynamics of the board in addition to role performance. Board dynamics, in this study, refers to the board's ability to work together as a cohesive group (Forbes and Milliken, 1999). The previous three chapters outlined how social capital influenced board cohesion in the individual football clubs. There was consistency across the three case studies concerning how this occurred. Given that board dynamics concerns a closed group of between six and nine individuals depending on the case, aspects of SSC such as network size and centrality were not suggested to be pertinent for effective board dynamics by any of the interviewees. However, the data show that aspects of both RSC and CSC are crucial if an effective dynamic is to be maintained. This section is split into two parts. First, the importance of RSC, and in particular trust, for board dynamics is discussed. This is followed by a discussion of CSC's influence, with a particular focus on the concept of a shared vision.

8.4.1 *Relational Social Capital and Board Dynamics*

Trust was a frequently cited issue by directors across the cases when discussing board cohesion. In this research, trust refers to the degree of confidence that individuals have regarding the reliability of others, and how this then facilitates open exchanges. Primarily, the reason trust was reported to be important was because each football club had an elected fan representative on its board. Concerns were raised by directors in all cases regarding the inherent conflict of interest that the fan representative must manage between commercial confidentiality and the fans' desire to know as much as possible about the clubs' activities. Directors in each club suggested that if there is a lack of trust between the board and the fan representative regarding commercial confidentiality, board dynamics could be adversely affected. Nonetheless, it emerged from the interviews that the current fan representatives on each board have managed to establish trust with the other directors, and therefore, board dynamics have not been affected by their presence. Thus, directors appeared to recognise the potential dangers of the fan representative position, but they did not currently perceive their board to have any issues in this area due to the high levels of trust established. RSC therefore appears to facilitate board dynamics across the cases directly. The frequency by which this theme was highlighted by directors in all three cases suggests that this is an important issue in relation to the effectiveness of Scottish football club boards.

The view of the participants from across the cases that accommodating a fan representative on the board can be potentially precarious is supported by the literature on worker directors. A worker director is an individual appointed to a board of an organisation to represent its labour force (Jones, 1987). Although this is not an identical situation to fan representatives on football club boards, there are important similarities. In particular, they both represent a key group of the organisation's stakeholders and their primary concern is not shareholder value (Gold, 2005). In addition, the similarity in how fan representatives and worker directors are appointed to boards – which is via democratic means (Verma and Weststar, 2011) – suggests that they are similar roles. Consequently, the literature on worker directors is considered a highly relevant body of knowledge to draw upon in this study's discussion of fan representatives in football clubs.

The literature suggests that worker directors are at risk of being marginalised on boards due to a common perception that they are 'outsiders' and that they do not have the skills

or knowledge to contribute meaningfully (Addison and Schnabel, 2011; Hammer et al, 1991). This literature mirrors the findings of the present study, which suggest that existing directors initially feel sceptical regarding the presence of fan representatives. In turn, the findings show that this can be potentially detrimental to board dynamics, as it can lead to a lack of openness and transparency.

As discussed, this research shows that establishing RSC in the form of trust mitigates the initial feeling of scepticism that the board has towards the fan representative. Subsequently, it is suggested by the directors from each case that trust allows the boards to work together cohesively and thus increase board effectiveness. It is important to emphasise, however, that the suggestions of directors from across the cases that trust has allowed them to work cohesively with their fan representative, and therefore maximise board effectiveness, fits within the narrative they were presenting to the researcher of their boards being competent and united. Thus, it is important to note that this research is based on the perceptions of directors. Nevertheless, the literature that focuses on the antecedents of effective stakeholder representation is underdeveloped (Crucke and Knockaert, 2016), and therefore, this aspect of the findings makes a useful contribution to the literature.

The studies that have attempted to investigate the antecedents of effective stakeholder representation tend to focus on how effectiveness can be maximised at the individual level, without exploring their relationships with other directors (Elger, 1984; Verma and Weststar, 2011). For instance, research shows that training programmes can usefully prepare worker directors for the job. In particular, technique simulation, which involves extensive role-playing of board meetings, is suggested to be a predictor of effective worker representatives. Such programmes train worker directors to interpret financial data and practice techniques for asking questions and ensuring that particular topics are discussed in meetings (Clutterbuck, 1974; Elger, 1984). The present study's findings go beyond this stream of literature by illustrating how trust building with the other directors on the board is imperative for representatives to be effective. Only when trust is established, which happens through a process of social interaction and demonstrating competence with confidential information, will the fan representative be fully integrated onto the board.

It is further suggested by directors across the cases that fan representatives, providing they establish trust with the other directors, can meaningfully contribute to their club's development. A common theme in this research was that fan representatives can add value to the board through providing an insight into what the supporters and community think. This was particularly clear in the case of RRFC, where two previous fan representations were invited to continue on the board after their terms ended due to a perception that they added significant value to the board in terms of community knowledge and expertise. Furthermore, evidence that the model is valued in HMFC's case is illustrated by the fact that they have two fan representatives on the board. Thus, the data suggest that fan representation is an auspicious practice for football clubs.

The literature has delivered inconsistent results concerning the effects of stakeholder representatives. Thus, tentative support exists for the present study's findings, which suggest that fan representatives add value to the board and organisation. For example, researchers have argued that worker directors increase innovation (Kraft and Stank, 2004; Kraft et al, 2011), improve a firm's return on equity (Kraft and Ugarkovic, 2006) and create a stronger link to the workforce, which ultimately leads to an improvement in the company's market value (Fauver and Fuerst, 2006). Further, studies show that stakeholder representation on the board can help the organisation gain legitimacy from different stakeholder groups, and that this then assists in the process of co-opting human and financial resources (Doherty et al, 2014).

Other studies, however, have shown that organisations that accommodate worker directors on their board suffer from lower productivity and profits (Baums and Frick, 1998; Fitzroy and Kraft, 1993; Gorton and Schmid, 2004). Moreover, research indicates that stakeholder representatives lead slower decision-making (Harrison and Freeman, 2004; Hielscher et al, 2014; Matten and Crane, 2005). The incongruity of previous studies highlights how future research is still required to develop understanding of how stakeholder representation on the board of directors works. In particular, process-based studies that attempt to unpick how fan representatives interact with other board members, and therefore contribute to the board, are needed. The present study thus provides a useful addition to the literature, in that it illustrates how trust is a key determinant of an effective board dynamic and successful use of the fan representative model. To date, the concept of trust has been largely neglected by researchers interested in stakeholder representation,

and is indicative of the trend in the governance literature of focusing on board structures in themselves and not board processes and director interrelationships.

8.4.2 *Cognitive Social Capital and Board Dynamics*

In addition to trust, the importance of a shared vision (which is a feature of CSC) in allowing the board to work together cohesively was a recurring theme across the cases. It was argued by directors from each board that if they are to be effective, disagreements should be reduced to matters of tactics and not the overall strategic direction of the club. For example, in DAFC's case, it was considered essential for directors to agree with the decision to structure the club as a CIC and to adopt a community-focused strategy. However, directors felt it is manageable, and occasionally beneficial, to disagree on issues such as how to implement specific parts of the strategy (e.g. the timing and agenda of supporters' meetings). Without a common vision and understanding of the club's broad strategy, though, directors stated that conflict would be at an unmanageable level. Further, it was suggested that conflict at this level would be detrimental to cohesiveness, and therefore, board effectiveness. CSC in relation to a shared vision is thus argued by the directors from all three clubs to facilitate effective board dynamics.

The notion that CSC in the form of a shared vision facilitates board dynamics was a prominent theme in this research. The vision of each club was formulated by the individuals who were involved in saving the clubs from their financial crises. In all cases, these same individuals are still on the boards. A common theme in the interviews was that the idea of pursuing a community-centred and sustainable vision for the club was a mutual decision, agreed upon by all the directors. Further, as numerous interviewees across the cases mentioned, the reason that there is such a strong emphasis on this vision is because they do not want to experience another crisis. All of the participants informed the researcher that their current strategies are a means of averting future financial crises. Thus, the narrative offered by directors from across the cases was that strict adherence to their community strategies is essential if the clubs' futures are to be secured.

As the board of directors constitutes a strategic decision-making group (Forbes and Milliken, 1999), the literature on group dynamics can be drawn on to support the arguments offered by the directors in relation to the importance of a shared vision. Various studies in the group dynamics literature show that a shared vision leads to group

effectiveness (Ambrose and Rutherford, 2016; Kundu and Ganguly, 2014; Wageman, 1995). Thus, at a broad level, the literature is consistent with the present study's findings relating to the importance of CSC for board dynamics. Studies that have explored the concept of a shared vision specifically in the context of the board of directors further corroborate the findings. For instance, Pugliese et al (2015) find that a common objective increases director commitment and satisfaction, and that this is positively related to board cohesion and effectiveness. Furthermore, Charas (2015) shows that a mutual understanding of the company's goals reduces board conflict and increases cohesion. Again, these studies reinforce the findings of this research that a common vision among directors is integral if they are to achieve cohesiveness and effectiveness.

Conflict is an important concept to consider when discussing the influence of a shared vision on board dynamics (Grissom, 2014). This is because, for a board, conflict is the alternative condition to a shared vision (Heemskerk et al, 2017). The present findings suggest that conflict is a largely negative phenomenon, although there was widespread recognition that it can be occasionally beneficial when it leads to increased scrutiny over lower-level decision-making. Lower-level decisions, as discussed previously, refer to tactical decisions regarding how to implement a strategy, and not strategic decisions themselves. The consensus across the cases was that board effectiveness is achieved by reducing conflict and striving for common understandings - and therefore high CSC.

Generally, the literature on board conflict contrasts with the findings of this research. Researchers typically distinguish between two forms of conflict: cognitive conflict and affective conflict (Heemskerk et al, 2017). In the context of the board of directors, cognitive conflict refers to disagreement over decisions that must be made (Jehn, 1995), while affective conflict refers to clashes of personality (Melkumov and Khoreva, 2015). Affective conflict is widely considered a negative phenomenon (Torchia et al, 2015). However, extant literature presents cognitive conflict as beneficial because it enables critical debate, encourages creativity, and leads to more investigative group interaction processes (Amason and Sapienza, 1997; Heemskerk et al, 2017; Walker et al, 2015).

Although the present study acknowledges that cognitive conflict can be beneficial for lower-level decisions, the findings suggest that, for directors across the cases, this is not considered to be the case for strategic decisions. Previous research contradicts this view, with cognitive conflict considered beneficial for all levels of decision-making

(Heemskerk et al, 2017; Minichilli et al, 2012; Zona and Zattoni, 2007). For example, Forbes and Milliken (1999) claim that its presence may require CEOs to explain, justify and possibly modify their positions on important strategic issues. Thus, compared with this study, previous research does not place as strong an emphasis on a shared vision. In contrast, the literature suggests that the conflict arising from a lack of shared vision leads to critical debate and potentially more effective decisions in the long-run (Walker et al, 2015). This contradicts the present findings, which show that the usefulness of cognitive conflict in terms of increased critical debate is secondary to the benefits that cognitive social capital brings in terms of cohesiveness and board effectiveness.

To understand why minimal conflict and a shared vision were reported to be imperative for the effectiveness of Scottish football club boards, the specific context must be examined. The community-focused strategy each club is pursuing is strongly supported by its directors and, most importantly, its supporters. Further, their strategies appear to be a manifestation of the identity and values that the directors and stakeholders want the club to emulate. Thus, given how entrenched their strategies are in the make-up of their respective clubs, disagreement concerning its strategic direction is not considered an opportunity to evaluate better options by the directors, but as an exercise in time-wasting that is detrimental to progress. The present study thus suggests that the usefulness of cognitive conflict is dependent on the nature of the issue causing disagreement. The interview data suggests that if the disagreement concerns the broad strategy of an organisation that is already well established and supported, cognitive conflict is unlikely to enhance board dynamics and effectiveness. However, if it is a tactical decision relating to how the strategy can be implemented, cognitive conflict can be beneficial. Previous research has not adequately explored the specific situations in which cognitive conflict is helpful, and therefore, the present study yields a useful new perspective.

8.4.3 *Board Dynamics Summary*

This section has discussed how social capital influences board dynamics across the case studies. Unlike SSC, both RSC and CSC were found to be important facilitators for effective board dynamics. A common theme was that it is imperative for the boards to establish trust among the directors, and particularly the fan representative, if they are to work together cohesively. Support for this finding was found in the literature on worker directors, which is a comparable board position to the fan representative. Previous

research shows that worker directors are at risk of being marginalised on corporate boards due a perception that they are outsiders (Addison and Schnabel, 2011; Hammer et al, 1991; Verma and Weststar, 2011), which mirrors how fan representatives appeared to be perceived in this study. However, the literature has not acknowledged the role that trust plays in mitigating the feeling of scepticism towards worker directors, and thus, this research develops knowledge concerning the antecedents of effective board representatives.

Another common theme across the cases was that a shared vision, which constitutes CSC, is crucial if the board is to work together cohesively. This is supported by the literature on group and board dynamics (Kundu and Ganguly, 2014; Wageman, 1995). The findings also suggest that conflict should be reduced to matters of tactics, and not strategic decisions. Failing to do this is argued to result in an unmanageable amount of conflict. Previous research, however, contrasts this particular aspect of the findings. The literature claims that cognitive conflict is useful for all levels of decisions as it can lead to critical debate and a wider evaluation of potential options (Heemskerk et al, 2017; Jehn, 1995; Melkumov and Khoreva, 2015). Thus, this research offers a new perspective on the utility of cognitive conflict, suggesting that its usefulness is dependent on the nature of the issue causing disagreement.

8.5 The Interrelation of Social Capital Dimensions

The previous sections have compared the influence that individual dimensions of social capital have on board task performance and board dynamics across the three case studies. Previous research, however, indicates that the dimensions are meaningfully interrelated (Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998). It is therefore necessary to analyse how they interact with each other before they eventually influence board effectiveness if a meaningful contribution is to be made. The data show that social capital dimensions interacted in two ways in this research. The first way involves CSC and RSC acting as a facilitator for SSC. This means that if strong levels of the two aforementioned forms of social capital exist, this leads to an enhancement of SSC. This interaction occurred in relation to each club's community engagement role. The second way involved CSC acting as a building block for RSC, and this occurred in the context of board dynamics. Both of these main interaction processes are now discussed in turn.

8.5.1 *Interaction of Dimensions through Community Engagement*

There was one major difference across the cases concerning how social capital dimensions interacted through the community engagement role. Section 8.3.1 revealed that for HMFC and DAFC, CSC facilitates the community engagement role. However, for RRFC, the performance of this role is assisted by SSC and RSC. Given that it involves creating relationships with stakeholders, community engagement is conceptualised as creating SSC in this research. Therefore, the evidence shows that SSC is facilitated by other forms of social capital including CSC (as in the case of HMFC and DAFC) and RSC (as in the case of RRFC). Thus, there is divergence between the cases in terms of which dimension of social capital facilitates the structural dimension. The explanation for why this divergence exists is now discussed.

A common theme in the HMFC and DAFC cases was that directors did not perceive the importance of shared values (CSC) for their community engagement role to be coincidental. It was argued by directors from both cases that the recent crises the clubs went through in 2013 were the result of immoral and unsustainable approaches to governance. Such approaches were thought by five participants (AB, BC, RM, KM and MR) to contrast the values upheld by their supporters and local communities. As a result, these directors believe that the lack of shared values the previous owners shared with the community increased the pertinence of shared values for the current owners in terms of responsibility to build strong relations with stakeholders. Thus, a widely held view among the HMFC and DAFC directors was that the negative circumstances of the recent crises has led the clubs' local communities to place greater significance on, and become more receptive to, value-based behaviour (meaning behaviour that is guided by their values and not other motivations such as finance). Consequently, because shared values were considered highly important by stakeholders, as a resource, shared values (CSC) appeared to play a stronger role in building SSC. RM describes this situation as follows:

RM: *"We're reaching audiences within the community that the club never got to before. We're sticking by our values and people like that, they can relate to us. So all these things contribute to why we're getting people together who believe that the club's got a promising future. It's positive, let's stick with it and do what we can to help the club move up."*

For RRFC, on the other hand, the data appear to suggest that RSC facilitates SSC – meaning that high levels of RSC leads to an increase in SSC. A recurring theme in the interviews with RRFC directors was that because the club is trusted and respected within the community, people are more likely to participate in initiatives that are associated with it. Since its crisis in 2005, the club has enjoyed relative stability with the board making a concerted effort to build a reputation of being trustworthy and respected. It was suggested by RRFC directors that they achieved this by running the club sustainably. Moreover, it was argued by various directors that the trust they have perceived themselves to establish with the local community is strong, and therefore, it appears to have become a useful resource for the club. In particular, it is suggested to be useful in facilitating community engagement.

The suggestion from the RRFC directors that the community trusts them is supported by the data collected from the club's supporter discussion forum. As discussed in section 6.3.1, there was repeated evidence on the forum of supporters expressing a view that they are more likely to get involved in a community activity that is being run through the club because they trust it. Thus, the concepts of trust and respect (which constitute RSC) appear to play a leading role in increasing community engagement (SSC) because it, in itself, was a significantly strong resource. In contrast to the other case studies, therefore, RSC as opposed to CSC is the key facilitator of SSC. The following comments illustrate this:

TP: When you've got that trust as a local institution, it is really precious. You have got to work hard to keep it. And it can be a huge help because people give you the benefit of the doubt and they're more likely to support you and contribute."

The divergence across cases regarding the interplay of dimensions suggests that contextual factors influence the nature of the interaction process. For HMFC and DAFC, the recent crises that both clubs went through in 2013 have increased the relevance of value-based behaviour, and thus, CSC emerged as the key facilitator of SSC. For RRFC, their last crisis was in 2005, which has allowed them to build trust more recently. As a result, RSC in the form of trust and respect has emerged as the building block for SSC. Therefore, the contextual circumstances each club is in appears to determine the nature of the interaction process of social capital dimensions. Notwithstanding the differences between the cases concerning the nature of the interaction, a consistent theme across the

cases was that social capital dimensions interact in a way that augments board effectiveness.

The limited literature that does focus on the interrelation of social capital dimensions has delivered inconsistent results. For instance, some studies show that CSC leads to the development of RSC (Roden and Lawson, 2014; Tsai and Ghoshal, 1998), while other studies suggest that the interaction is limited to SSC acting as a facilitator for RSC and CSC (Bstieler et al, 2015; Zheng, 2010). Alternatively, some studies show CSC builds SSC, which is more aligned with the findings of this study (Jonsson, 2014; Muniday et al, 2015). To date, however, scant research has attempted to unpick the inconsistency in previous research, and there is a lack of theory concerning why the interaction process varies between studies. One such study in this area conducted by Al-Taabba and Ankrah (2016) argues that the inconsistency of previous research can be partly explained by their proposition that the nature of the interplay changes over time. Thus, the dimension that is most prominent in building other forms of social capital can vary throughout the duration of a relationship or business transaction.

The present study's findings build on the social capital literature by showing how the nature of the interrelation is also influenced by contextual factors. As discussed earlier in this section, the recent financial crises at HMFC and DAFC were reported by directors across both cases to increase the importance of value-based behaviour in building strong relationships with the supporters. Viewed through the lens of social capital, shared values, which is a key facet of CSC, was suggested to become the focal point for building SSC. In RRFC's case, the club had enjoyed a decade of relative stability and aspects of RSC such as trust and respect subsequently emerged as the most pertinent resources and the facilitators for SSC. Thus, this research proposes that the nature of the interaction between social capital dimensions is not standardised and is influenced by the unique characteristics of an individual or organisation's relationships. The specific circumstances of a case dictates which dimension of social capital acts as a building block for the other dimensions. This inference represents a novel explanation of how Nahapiet and Ghoshal's (1998) three-dimensional model of social capital interrelates. Further, this research shows that generalisations in terms of how dimensions interact are not helpful. In contrast, studies that are nuanced and context-specific are needed.

8.5.2 *Interaction of Dimensions through Board Dynamics*

The other means by which social capital dimensions interacted was a facilitating effect from the cognitive dimension to the relational dimension. The data provided support for this in all three case studies, while board dynamics provided the setting for this interaction. When discussing how trust developed, a common theme to emerge across the cases was that a shared vision or common understanding concerning the strategic direction of the club helps to build trust among directors. Thus, CSC between board members led directly to the development of RSC. Repeated evidence indicating this interaction of social capital dimensions in all three cases represented a prominent trend in the research. The following quote highlights this:

TP: *“We ended up talking the same language, and we began to trust each other. And that tells you that it was nothing to do with our backgrounds, it's because we actually had the same shared understanding of what we were trying to achieve and the road map, how we were going to get there.”*

Similar results that show CSC to have a facilitating effect on RSC have been found in previous studies. For example, Tsai and Ghoshal (1998) show that a common vision (CSC) leads to the development of trust (RSC) between employees from different business units in a large multi-national electronics company. Similarly, Roden and Lawson (2014) find that CSC correlates highly with RSC in the context of buyer-supplier relationships. Thus, the literature does provide support for this aspect of the findings, which proposes that when a shared vision exists within a group, it can lead to the development of trust. In turn, this is suggested to lead to cohesiveness, and ultimately, board effectiveness.

These findings, which highlights how CSC builds RSC, also provide support for the inference made in the previous section. It was suggested that that nature of the interaction process is influenced by contextual factors, and that a specific dimension that is strong or pertinent in a particular situation will become the focal point for building other forms of social capital. This is consistent with the facilitating effect observed from CSC to RSC in relation to board dynamics. As discussed in section 8.4.2, the notion of a shared vision was especially important for the three football clubs under investigation. Primarily, this was because the strategic direction of the club is valued strongly by the clubs' most

powerful stakeholders - namely the fans and the directors - as the appropriate and socially responsible path to follow. Thus, there appeared to be significant CSC in the form of a shared vision across the cases. Consequently, given the importance placed on sharing the community-focused vision, it therefore emerged as the leading resource for building trust (RSC).

8.5.3 *Interrelation of Dimensions Summary*

This section has discussed how the three dimensions of social capital interact before eventually influencing board effectiveness. The findings show that the dimensions are interrelated in two main ways. The first way refers to how CSC and RSC build SSC through each board's community engagement role. There was inconsistency across the cases in that CSC was the facilitator of SSC for HMFC and DAFC, whereas for RRFC it was RSC. The divergence between the cases was attributed to contextual factors. Both HMFC and DAFC recently came through a crisis, and this increased the importance of value-based behaviour for increasing community engagement. Thus, CSC emerged as the focal point for building SSC in these cases. For RRFC, it has enjoyed a decade of relative stability in which the board has established a trustworthy reputation. Consequently, trust emerged as the key resource for improving engagement with the community. The argument that the interaction of dimensions is dependent on contextual factors offers a development to the social capital literature, which has thus far failed to explain adequately why social capital dimensions interact in the ways that they do (Al-Tabbaa and Ankrah, 2016; Nahapiet and Ghoshal, 1998).

The second way in which the dimensions appeared to interact involved a facilitating effect from CSC to RSC. Similar results were found in previous studies (Roden and Lawson, 2014; Tsai and Ghoshal, 1998), which adds credence to the findings. Moreover, this relationship between CSC and RSC provides support for the proposition that the nature of the interaction process is dependent on contextual factors. A shared vision was considered particularly important for the three boards under investigation due to how strongly their strategies were supported. Following this, a common theme in this study was that trust was enhanced between directors in each case because they shared a vision for their club's future. Thus, CSC in the form of a shared vision enhanced levels of RSC in the form of trust. Subsequently, this then led to an improvement in their perceptions of board cohesion and effectiveness.

8.6 Chapter Conclusion

The aim of this chapter was to synthesise the individual case findings and discuss how they relate to the extant literature. The structure of the chapter mirrors the research objectives. Section 8.2 discussed what roles the three boards under investigation performed for their respective clubs. There was divergence across the cases with respect to board roles. RRFC and DAFC had identical roles, while HMFC's board had different functions. The contrast between the cases in terms of their board roles appeared to be a result of HMFC being a larger club and having access to more resources. These findings are supported by the governance literature which shows that board roles are dependent on a variety of contingent factors (Fiegener et al, 2000; Gabirelsson and Huse, 2002; Huse, 2000). All three clubs had a strategic, resource co-optation and control role. Only HMFC, given its larger organisational structure, had a service role. In contrast, given RRFC and DAFC's reliance on volunteering, only their boards had an operational role and prominent succession planning function. In terms of board roles, the two smaller clubs appeared to be more aligned with SMEs and non-profits (Van den Heuvel, 2006), while HMFC is similar to corporations (Forbes and Milliken, 1999). Identifying and discussing board roles was an important objective in this research as it provides a basis for analysing board effectiveness.

The second part of this chapter analysed how social capital influences board role performance in the three case studies. Social capital emerged as an important facilitator for the strategic and resource co-optation roles across the cases. However, it was human capital, as opposed to social capital, that appeared to be the dominant resource for the control, service and operational roles. With the resource co-optation and strategy roles constituting external functions that involve building relationships outside the football club, it is logical that social capital would play a leading role. Similarly, the control, service and operational roles represent internal functions, and thus, it is logical that the knowledge and skills of directors is more important than their social capital. The literature provides support for the role that social and human capital play in board task performance (Crooks et al, 2011; Van den Heuvel, 2006; Zahra and Pearce, 1992).

The relational and cognitive dimensions emerged as important antecedents of effective board dynamics in this research. For instance, trust was suggested to be crucial for all three boards if they were to work cohesively with their fan representative. Further, there

was a suggestion that fan representatives can be marginalised if trust is not developed, which ultimately negatively influences board effectiveness. The literature on worker directors is consistent with the findings – it suggests that training must be given to board representatives to avoid individuals being marginalised (Addison and Schnabel, 2011; Hammer et al, 1991; Verma and Weststar, 2011). This research, however, develops current research on board representatives by illustrating the importance of trust building.

In addition, a common vision was considered important for board cohesion, and that conflict should be reduced to tactical decisions and not strategic decisions. This contrasts with previous research that shows cognitive conflict to be beneficial for all levels of decision-making (Heemskerk et al, 2017; Jehn, 1995; Melkumov and Khoreva, 2015). Thus, this research goes beyond current thinking on board conflict to suggest that the usefulness of conflict is dependent on the nature of the issue causing disagreement.

With regard to the interrelatedness of social capital dimensions, this research shows that dimensions interacted in two main ways. RSC and CSC appeared to facilitate SSC in the context of the community engagement role, while RSC facilitated CSC in relation to board dynamics. The contrast in how the dimensions interacted across the cases, particularly for the community engagement role, suggests that contextual factors influence the nature of the interaction process. This represents a development of Nahapiet and Ghoshal's (1998) three-dimensional model of social capital. Previous research has thus far failed to explain the inconsistencies between studies concerning how the dimensions interact (Al-Taaba and Ankrah, 2016; Roden and Lawson, 2014; Tsai and Ghoshal, 1998). This study shows that specific dimensions that are particularly pertinent or strong in a given setting are likely to facilitate other forms of social capital.

In sum, this research shows that social capital improves board effectiveness by facilitating external board role performance and intra-board dynamics. However, social capital is not considered a pertinent resource for internal board roles. Figure 8.1 below provides a diagrammatical illustration of the process of how social capital influences board effectiveness within the three case studies discussed in this thesis.

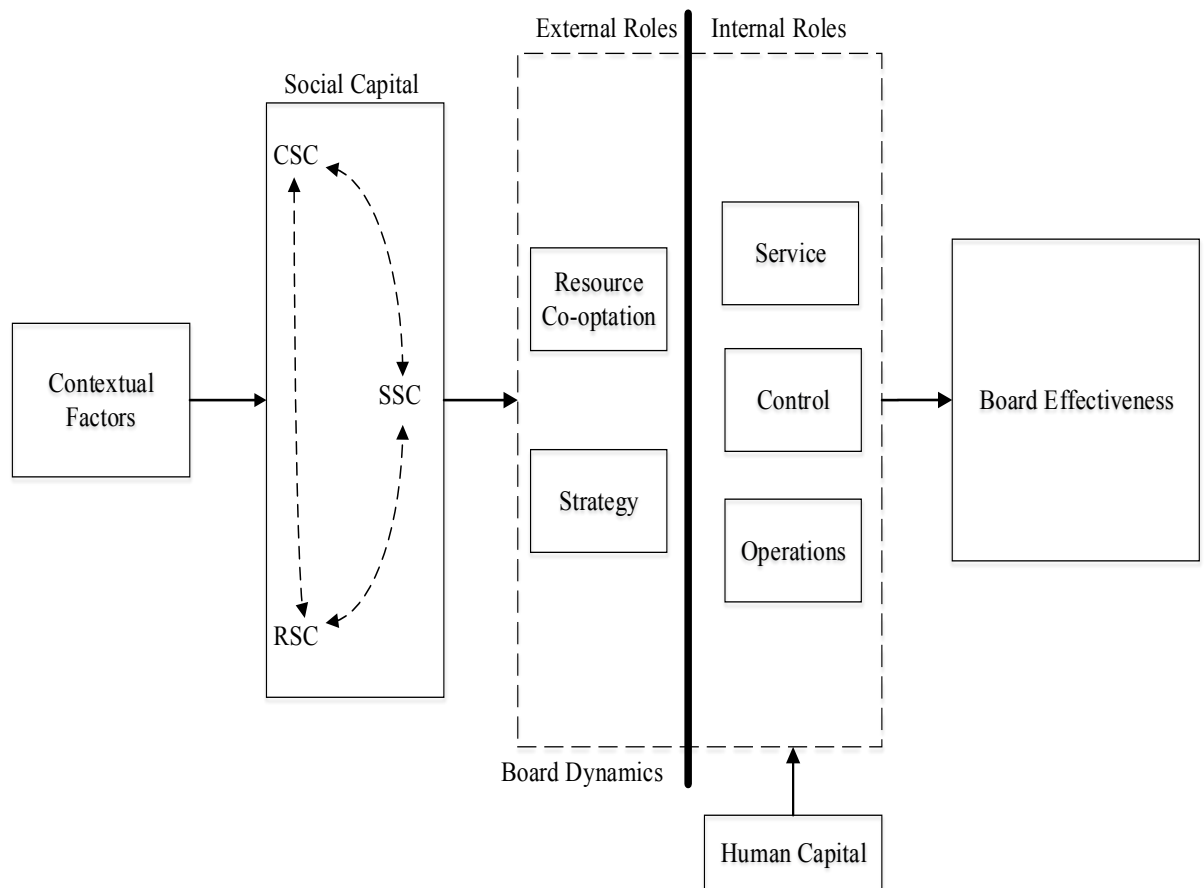


Figure 8.1: Diagrammatical Illustration of Findings

The graphic highlights how contextual factors influence the nature of the interaction process between social capital dimensions. Subsequently, social capital dimensions facilitate the performance of external board role (resource co-optation and strategy) and board dynamics. The framework further highlights how human capital, and not social capital, is the dominant facilitator of the internal board roles (service, control and operations). Finally, the graphic indicates how enhanced performance of the three aforementioned components (internal board roles, external board roles and board dynamics) leads to improved board effectiveness.

Chapter Nine: Conclusion

9.1 Introduction

This chapter presents the conclusion of the thesis. It begins with a review of the study's aim and objectives, discusses how they were formed, and describes how they were achieved. This is followed by an explanation of the theoretical and practical contributions of the research. The limitations of the study are then discussed, before recommendations for future research are proposed. Finally, this chapter offers some concluding remarks.

9.2 Review of Aim and Objectives

The aim of the research was to examine how social capital influences board effectiveness within the context of Scottish football. The study adopts Nahapiet and Ghoshal's (1998) conceptualisation of social capital, which is an appropriate lens for studies focused on organisational dynamics (Bolino et al, 2002; Inkpen and Tsang, 2005). The authors propose three dimensions of social capital. First, structural social capital (SSC), which refers to network structures and the social ties of individuals or organisations. Second, relational social capital (RSC), which commonly refers to the strength of relationships (i.e. trust and respect). Finally, cognitive social capital (CSC), which encapsulates shared visions, values and beliefs. To achieve the present study's aim, the research was divided into five objectives. Each objective is now discussed in turn, and the extent to which each objective has been achieved is clarified.

9.2.1 Objective 1

'Identify the role of the board within Scottish football'

The first objective of the study was to identify the roles incumbent on the three Scottish football club boards under investigation. There is consensus in the governance literature that any attempts to analyse board effectiveness must begin with an examination of the roles that a board performs (Aguilera, 2005; Huse, 2005; Minichilli et al, 2009; Nicholson and Kiel, 2007). Board roles are not standardised. Rather, they vary widely between industries and individual organisations (Huse and Rindova, 2001). Thus, Aguilera (2005) argues that, conceptually, the effectiveness of a board can only be explored if its specific roles or purpose is explicitly understood within its context. Consequently, to achieve the

research aim, the first objective of the present study was to discern the role of the board in the three case studies.

To source this information, all of the directors were asked to describe the roles that they performed. Analysis of the data show that there is divergence between the case studies concerning board roles. While RRFC and DAFC appeared to have identical board roles, HMFC's board roles were different. Primarily, this divergence regarding board roles can be explained by HMFC being a larger business with greater access to financial and human resources. HMFC's board roles encompass the areas of strategy, resource co-optation, control and service. Due to HMFC's conventional governance structure that has a layer of senior management, the club appears to mirror corporate boards concerning the function of its board (Forbes and Milliken, 1999; Hillman and Dalziel, 2003; Zahra and Pearce, 1989).

RRFC and DAFC, on the other hand, are suggested to have important roles in strategy, resource co-optation, control and operations. The operational role refers to the responsibility of directors to take charge of the day-to-day operations of the club (Huse, 2000). The reason that the boards of these two clubs have an operational function is due to their inability to afford to hire senior managers. Consequently, the directors are required to take on the operational responsibility on an *ad-hoc* and informal basis. Further, the directors of the clubs are required to do this in a voluntary capacity. Because the boards of RRFC and DAFC perform operational roles, this means they do not have an important service function. The service role refers to the duty of boards to provide advice and counsel to senior management (Zahra and Pearce, 1989). Logically, the need for a service role diminishes if the individuals tasked with providing the advice are the same individuals performing the roles that are supposed to be the recipients of the advice. Given their lack of emphasis on advising and monitoring senior management, and their focus on operations, the boards of RRFC and DAFC appear to align with non-profits and amateur sport organisations regarding the conceptualisation of board roles (Inglis et al, 1999; Sakires et al, 2009). Table 8.1 (p.172) cross-tabulates the roles of the three case study boards under investigation. Identification of board roles within each case study provided a basis to analyse board effectiveness.

9.2.2 *Objective 2*

‘Establish how social capital influences board role performance’

The second objective of this research involved examining how social capital influences ‘board role performance’, which is one of the two components of board effectiveness proposed by Forbes and Milliken (1999). Board effectiveness is a multi-dimensional concept, and thus, defining and measuring it is not a straightforward exercise (Van den Berghe and Levrau, 2013). There is consensus in the literature, however, that definitions of board effectiveness must be established at the board level. Therefore, concepts such as organisational financial performance cannot be considered reliable proxies (Cornforth, 2003; Khanna et al, 2013; Minichilli et al, 2012).

Forbes and Milliken (1999) developed a seminal way of defining board effectiveness that is independent from organisational effectiveness. They propose two components of board effectiveness: (1) board role performance, which refers to the board’s ability to perform its roles successfully, and (2) board dynamics, which refers to the board’s ability to work together as a cohesive group. Both of these components are board level constructs, distinct from organisational performance. However, they do contribute to organisational performance. Forbes and Milliken’s (1999) conceptualisation of board effectiveness has been widely adopted in governance research, and is considered a robust definition of the concept (Daily et al, 2003; Van den Berghe and Levrau, 2004, 2013; Levrau and Van den Berghe, 2007; Pye and Pettigrew, 2005; Nicholson and Kiel, 2007; Pugliese et al, 2015). Given the perceived strength of this definition in the governance literature, it was considered appropriate conceptualisation to underpin the present study. Consequently, the second objective of this research was to explore how social capital influences the first dimension of board effectiveness – board role performance.

The findings show that social capital is an important resource for the strategic and resource co-optation roles across the cases. However, for the control, service and operational roles, social capital did not appear to be a prominent resource. In contrast, human capital emerged as the key facilitator for those three roles across the cases.

For the strategy role, there was divergence between the cases concerning the dimensions of social capital that were relevant. For HMFC and DAFC it was CSC, while for RRFC it was SSC and RSC. For the resource co-optation role, there was consistency across the

cases in terms of which dimensions were important. The structural dimension was pertinent for succession planning, while for sponsorship acquisition, SSC and CSC were relevant across the three cases.

Given that the strategy and resource co-optation roles involve conducting board activities external to the football club, while the control, service and operational roles involve internal functions, the present findings offer valuable insights regarding how social capital influences board role performance in Scottish football. The findings show that social capital is an important resource for external board roles that involve a high degree of interaction with stakeholders that are positioned outside the organisation. Conversely, human capital is the dominant facilitator of internal roles such as control, service and operations that have less emphasis on building and strengthening new relationships. This research does not propose that social capital is entirely irrelevant to internal board roles. Social capital is a pervasive concept that can bring benefits to all levels of social activity (Adler and Kwon, 2002). However, the findings do suggest that social capital is not a prominent resource for internal board roles, particularly in comparison to human capital.

9.2.3 *Objective 3*

‘Establish how social capital influences board dynamics’

The second component of board effectiveness proposed by Forbes and Milliken (1999) concerns board dynamics, which refers to the board’s ability to work together as a cohesive group. Board dynamics are suggested to contribute to board effectiveness indirectly by influencing present and future levels of board role performance (Forbes and Milliken, 1999). The findings show that social capital is an important facilitator of board dynamics. In particular, RSC and CSC are suggested to be important, while SSC (given its focus on network structures and ties) is not considered relevant. This was a consistent theme across all three case studies.

Trust, which is the central aspect of RSC, was found to be critical if the three boards were to work together cohesively. Specifically, trust was frequently cited as important in ensuring that directors have confidence that confidential or commercially sensitive information would not be leaked into the public domain. This was a particularly prevalent issue because in all three cases there was an elected fan representative on the board. Fan representatives were argued to have a challenging role that involves a significant conflict

of interest. While they have a legal duty not to reveal certain information, they also have a responsibility to report to supporters who have a keen interest in the club's activities. Other directors on the boards were aware of this conflict of interest, and suggested that a lack of trust would lead to information being withheld from them in board meetings due to concerns it would reach the supporters. Thus, to avoid a situation in which the boards do not benefit from openness of discussion and therefore lack cohesiveness, it was considered imperative across the cases to share RSC in the form of trust. This illustrates how social capital influences board effectiveness – the relational dimension facilitates board cohesion, which, in turn, improves board task performance and overall effectiveness.

Another common theme across the cases was that it is important for the directors to share a common vision (which constitutes CSC) if they are to work together cohesively. In particular, consensus regarding the community-focused strategies that the clubs are pursuing is considered essential for board cohesiveness and effectiveness. Conflict over the strategy was reported to be invariably detrimental across the cases. Primarily, this is because each club's strategy is central to all decisions that the boards make, and therefore, disagreement over the nature of the strategy was argued to lead to inefficient decision-making. Despite this, there was a widely held view across the cases that conflict was manageable, and occasionally beneficial, when it involved decisions of a tactical nature regarding how to achieve the strategy. In this instance, conflict could lead to a wider evaluation of potential options. Given how strongly supported their community-focused strategies were, however, conflict over their common vision was considered a waste of time and resources across the cases. Thus, in addition to RSC, CSC also appears to have a meaningful influence on board dynamics. The evidence shows that CSC in the form of a shared vision facilitates board dynamics reducing conflict over the strategy and improving decision-making efficiency.

9.2.4 *Objective 4*

'Identify how the three dimensions of social capital interact'

The vast majority of previous studies that have adopted Nahapiet and Ghoshal's (1998) model of social capital have analysed the effects of the three dimensions in isolation (Goddard, 2003; Hitt et al, 2002; Moran, 2005). However, it is widely acknowledged in the social capital literature that the dimensions are likely to be meaningfully interrelated

(Adler, and Kwon, 2002; Lee, 2009; Zheng 2010). Therefore, if a robust understanding of how social capital influences board effectiveness in Scottish football clubs is to be achieved, the present study was required to examine how the three dimensions interact in the process of influencing board effectiveness. Thus, the fourth research objective entailed examining the interrelation between social capital dimensions.

The findings show that the dimensions are interrelated in two main ways. The first way refers to a facilitating effect that CSC and RSC have on SSC. This interrelation appeared to manifest itself through each board's community engagement role. There was inconsistency across the cases concerning what dimension was the facilitator. For HMFC and DAFC, CSC in the form of shared values led to an increase in SSC in the form of an expanded community network. For RRFC, on the other hand, RSC shared between the club itself and the community (in the form of trust and respect) led to the development of SSC through increased community engagement. The reason for the inconsistency is considered in more detail in section 9.3.1.

The second way in which the dimensions appeared to interact involved a facilitating effect from CSC to RSC. This occurred in all three cases. As discussed in section 9.2.3, a shared vision was considered particularly important across the cases due to how strongly their community-focused strategies were supported by the club's directors and stakeholders. Following this, a common theme in this study was that sharing a vision of the club's future leads to the development of trust between directors. Therefore, CSC appears to facilitate RSC. In turn, this is suggested to enhance board cohesion and overall effectiveness.

9.2.5 Objective 5

'Extend Nahapiet and Ghoshal's (1998) three-dimensional theory of social capital'

The final objective of this research involved extending knowledge of Nahapiet and Ghoshal's (1998) three-dimensional theory of social capital. The present study achieved this objective by illustrating how the nature of the interaction process between the three dimensions is dependent on contextual factors. Current knowledge regarding the interrelation of social capital dimensions is inadequate (Lee, 2009). This research therefore makes a useful contribution. Specifically, it provides a novel way of understanding the interaction between different facets of social capital, which can help to

draw together previously inconsistent findings (Al-Taaba and Ankrah, 2016). To avoid repetition, the details of the theoretical contribution are not discussed here. Instead, Section 9.3.1 of this chapter, which focuses on the theoretical contribution, provides an in-depth description of how this research extended the theory.

9.3 Contributions

The qualitative nature of this study allowed the researcher to gain an in-depth understanding of the process of how social capital influences board effectiveness within the context of Scottish football. Primarily, the contributions of this research are generated from the perspectives of Scottish football club directors, who represent a relatively unknown and difficult to access population. The preceding four chapters have discussed in detail the present study's findings, which contribute to knowledge in the fields of corporate governance and social capital. The purpose of this section is to clarify the contributions. This study offers theoretical and practical contributions – each of these are now discussed in turn.

9.3.1 *Theoretical Contribution*

Nahapiet and Ghoshal's (1998) three-dimensional conceptualisation of social capital is the underpinning theory of this research. There is consensus in the literature that social capital has matured as a theory, and opportunities to develop its core principles no longer exist (Lee, 2009; Kwon and Adler, 2014; Zheng, 2010). Despite this, Kwon and Adler (2014) argue that researchers can still contribute to the theory by expanding on specific parts and mechanisms of social capital, such as how the three dimensions interact. As such, the theoretical contribution of the present study concerns the nature of the interaction process between the three dimensions. This section will first summarise current theoretical insights regarding how the dimensions interact. Following this, the present section explains how the theory developed in this study provides a novel and robust way of understanding the nature of the interaction process between dimensions.

Previous research that focuses on the interrelation between the three dimensions has delivered inconsistent results. For example, Tsai and Ghoshal (1998) theorise that CSC in the form of a common vision leads to the development of RSC in the form of trust (RSC). Similarly, Roden and Lawson (2014) propose that CSC facilitates RSC in the context of buyer-supplier relationships. However, a contrasting study by Bstieler et al

(2015) shows that SSC is key to building RSC, while CSC only moderates the relationship. Zheng (2010), on the other hand, suggests that there is mutually reinforcing relationship between SSC and RSC, and between CSC and RSC. Thus, researchers offer a variety of contrasting perspectives regarding the interaction process.

In an attempt to unpick the inconsistency in previous results, Al-Tabbaa and Ankrah (2016) theorise that the nature of the interaction process varies over time. Despite that study, however, there has been limited attempts to explain why the interaction process varies, and therefore, further theoretical insights are required. The present study addresses this gap by offering a novel theoretical approach to understanding the interrelation between dimensions. Specifically, this study develops Nahapiet and Ghoshal's (1998) theory of social capital to understand board effectiveness in Scottish football, revealing that the nature of the interaction process between the three dimensions is dependent on contextual factors. The process of how this occurs is now explained.

Section 9.2.4 described how social capital dimensions interacted in two main ways in this study. The first involved a facilitating effect that CSC and RSC have on SSC. There was divergence across the cases in that CSC was the facilitator of SSC for HMFC and DAFC, whereas for RRFC it was RSC. It emerged that this divergence was a result of contextual factors. For example, both HMFC and DAFC recently came through a crisis in 2013, and this increased the importance of value-based behaviour (meaning behaviour guided by their values and not other motivations such as finance) for their role of increasing community engagement. Therefore, CSC emerged as the focal point for building SSC in these two cases. For RRFC, however, the club has enjoyed a decade of relative stability in which the board has established a trustworthy and respected reputation with the local community and fan base. As a result, trust emerged as the key resource for improving community engagement in this case.

Further evidence that contextual factors influence the interaction process between dimensions relates to the facilitating effect that CSC has on RSC. Because the community-focused strategies were so strongly supported across the case studies, CSC (in the form of a shared vision) played a leading role in building RSC (in the form of trust). Thus, the importance of a shared vision in the Scottish football context increased the pertinence of CSC as a facilitating dimension of social capital.

Given that the evidence illustrates how individual circumstances – such as whether the club has recently been through a crisis – dictate how the dimensions interact, this study therefore shows that the nature of the interaction process is dependent on contextual factors. The argument that the interaction of dimensions is dependent on contextual factors represents a development of Nahapiet and Ghoshal's (1998) theory of social capital, which has thus far failed to explain why the dimensions interact in the ways that they do. Further, this theoretical contribution provides a novel way of explaining the conflicting findings of previous research in this area.

9.3.2 *Contributions to Practice*

The context of Scottish football has received little attention from researchers, and therefore, this study represents a rare attempt to understand how the industry works, and offer insight into how its constituent football clubs can be governed more effectively. This research makes four key contributions to practice that will be of interest to boards of Scottish football clubs. Each of these are now discussed in turn.

At a broad level, this study illustrates the importance of social capital for Scottish football clubs boards, and encourages directors to be cognizant of the influence it can have on their effectiveness. In particular, the research shows that for externally focused board roles such as resource co-optation and strategy, features of social capital such as network structures, trust and shared values are key to effectiveness. Directors must therefore seek to operationalise personal and organisational social capital to be more effective in liaising with their external business environment. For example, for the sponsorship role (which this research shows is a crucial source of income for Scottish football clubs due to limited broadcasting revenue), utilising directors' existing contacts is an effective method of reaching potential sponsors. Moreover, features of social capital such as trust and a shared vision are suggested to be critical if boards are to work together cohesively. Thus, this research indicates that it will be useful when Scottish clubs are recruiting new directors to ensure that they agree with the underlying values and ethos of the club before they are hired. Ultimately, this will reduce strategical conflict and improve decision-making efficiency.

The second key practical contribution of this research relates to the finding that community-focused strategies are commercially beneficial in addition to being ethically

appropriate. The three clubs under investigation in this study all adhered to similar strategies that emphasised the importance of social responsibility and ‘giving back’ to the community. A recurring theme across the cases was that this form of strategy, although created for altruistic purposes, has led to enhanced commercial performance. The customer bases of the majority of Scottish football clubs are composed of their local communities. Therefore, it is logical that community-focused strategies will encourage those local communities, as their core customers, to attend matches and purchase merchandise. Although such strategies are common in Scottish football, many clubs still do not have proactive community programmes (Supporters Direct, 2017). This research shows that such an approach is critical if Scottish clubs are to thrive in challenging financial circumstances.

Another of this study’s practical contributions concerns the notion of fan representatives on Scottish football club boards. Generally, there has been minimal research on this issue. This is limited to Lomax (2000), who suggests that fan representatives on football boards encourage organisational development, and Morrow (2003), who argues that supporter representation is problematic in that it contradicts the collective ethos of supporters’ trusts. The present study shows that supporter representation is beneficial for clubs providing that they establish trust. Further, this research usefully contributes to practice by highlighting the conditions under which supporter representatives can be successful. For example, the research shows that the inherent conflict of interest that a fan representative manages can be reduced by clarifying the boundaries of the role to all relevant parties. This helps to ensure that either supporters or other directors do not put unnecessary demands on the supporter representative. Moreover, this research highlights that the most successful supporter representatives are likely to be individuals with previous experience of being a director and have sufficient time to carry out the role.

Finally, this study contributes to practice by highlighting the contrast in terms of board roles between the two smaller clubs in this study (DAFC and RRFC) and HMFC (who are better defined as a medium sized company). The implications of reduced financial and human resources for the smaller clubs are significant. In particular, it means that their directors have to perform operational roles on an *ad-hoc* and voluntary basis. Given that the directors perform operational roles without remuneration, the two smaller boards also have a more challenging succession planning role. Further, unlike HMFC, the two smaller clubs do not have an important service role because the directors themselves are

performing the managerial functions to which they are supposed to provide advice and counsel. In light of the divergence regarding board roles, this research shows that Scottish football clubs working on a similar scale to DAFC and RRFC should adopt different criteria for director selection. For instance, individuals with the requisite expertise and, importantly, a significant amount of free time (the majority of directors from RRFC and DAFC were retired in this research) are likely to be more effective for smaller football clubs who do not have a developed management structure.

9.4 Limitations

Notwithstanding the theoretical and practical contributions, there are limitations to this research that must be acknowledged. One of the key limitations relates to the issue of whether the interviewees were truly opening up to the researcher regarding their views and experiences of being a director in Scottish football. Directors of Scottish football clubs are accountable to a passionate group of stakeholders, and consequently, they are under pressure to maintain an image of competence (McLeod, 2016). Whether this means that the interviewees were holding back on pertinent details that would have presented either themselves or the club in a less favourable light is unknown. To counteract this, the researcher ensured that the participants had the option to remain anonymous. Further, the researcher attempted to maintain a relaxed and conversational interview style and any topics or issues that the participants felt were ‘off the record’ were not included in the study.

Nevertheless, in light of the issue outlined above, the findings may reflect a wholly more positive picture than is necessarily the case. Indeed, there was limited discrepancy between the accounts of the directors within the cases. This suggests that the participants may have been displaying a strong level of bias towards an agenda that showed themselves and their board to be competent. Despite this, it is worth noting that the secondary data sources such as the fan forums and pertinent documentary materials largely corroborated the interview findings. In particular, the secondary data strongly supported the directors’ claims in relation to how social capital influences board role performance. For instance, there was repeated evidence on the fan forums of supporters stating that the community-focused strategies implemented by the boards motivates them to increase their engagement with the club (thus verifying the accounts of the directors).

The secondary data, however, was not useful for corroborating (or contradicting) the interview data in relation to board dynamics. This is understandable given that publicly available documents are unlikely to illuminate the complexities of directors' interrelationships. Nevertheless, this amounts to a clear limitation of the findings regarding board dynamics – they rely entirely on the interview data and cannot be corroborated by other sources, thus meaning they are particularly vulnerable to interview bias. Nonetheless, it should be noted that the participants did display a degree of trust towards the researcher. This was evidenced by, firstly, their willingness to be interviewed, but also by their willingness to pass on contact details and provide introductions to all of their fellow directors and other pertinent connections. Assisting with the 'snowball' sampling process to this extent indicates that the researcher had built a strong relationship with the participants and was somewhat trusted. In consideration of the difficulty in acquiring access to boards of directors, particularly in the football context, this suggests that the best possible data was secured given the circumstances. Nevertheless, it still must be acknowledged that the participants were likely to be promoting an agenda that portrays themselves and their club favourably.

The small number of cases used in this research is another limitation. Three case studies were considered appropriate in terms of the aims of the study and the resources available to the researcher. However, this number of cases means that the findings lack generalisability across the Scottish football context as a whole. For instance, an important finding of this research was that the boards of the two smaller clubs (RRFC and DAFC) had an operational role that was performed on an *ad-hoc* and voluntary basis due to limited financial and human resources. Subsequently, this meant that these boards also had a more important succession planning role. However, the small number of cases used means that this research cannot ascertain whether this configuration of board roles is an issue for other Scottish clubs operating with similar resources to RRFC and DAFC.

Another limitation of this study concerns the inability the researcher to access all of the directors of the clubs under investigation. Although all of the directors were contacted, interviews could not be arranged with four individuals. Two of the directors lived overseas, which meant that interviews were not logistically possible. The two other directors not interviewed for this study did not respond to the invitation. Despite this, data triangulation was used and all interviews were transcribed verbatim to improve the study's reliability.

Finally, there are limitations associated with using online fan forums as a source of data. For instance, it is not possible to discern whether the messages posted on these forums are representative of the opinions of the wider fan base. Indeed, previous research on football fan forums suggests that the most frequent users of such websites are often supporters who hold extreme or passionate opinions (Cleland, 2013; Millward, 2008). Therefore, it is unclear whether the evidence collected from this source is representative of the each club's supporters more widely.

9.5 Future Research

Taking into account the limitations cited in the previous section, a number of avenues for future research emerge that could further develop knowledge of the issues pertinent to this study. For instance, adopting ethnographic methods to the study of board effectiveness within Scottish football could mitigate the limitation relating to the interviewees potentially presenting an image to the researcher that they wanted others to see, rather than their true perceptions. Although a challenging task, if researchers could gain access to boardrooms in a participatory or non-participatory capacity this could provide far greater insights into board dynamics and effectiveness.

As mentioned in the previous section, the small number of cases used in this research limits its generalisability. Future research could therefore build on this study, perhaps quantitatively, by examining whether the findings hold up in other football clubs in Scotland and beyond. For example, with regards to the finding that board role configuration differs between small and medium sized football clubs, investigating whether this extends to all 42 Scottish professional football clubs could provide valuable insights for theory and practice. In particular, it could provide the relevant authorities with robust empirical evidence that small Scottish football clubs are vulnerable due to their overreliance on voluntary directors.

The present study brought to light the challenges of fan representation on football clubs boards. This issue has largely been ignored by sports governance researchers, and more studies are required in order to gain a stronger understanding of how the model can work effectively. One fruitful avenue for future research may involve comparative studies between clubs in Scotland and other countries such as Germany where the model is more established. This could facilitate the sharing of best practice.

Finally, research could further build on the theoretical contribution of this study by exploring the contexts or circumstances in which specific dimensions of social capital are most pertinent. This study established that contextual factors influence the nature of the interaction process between the three dimensions of social capital. However, there remains insufficient knowledge regarding the contexts or circumstances that bring about particular kinds of dimension interaction processes. Pursuing research in this area could represent another step towards developing the specific mechanisms of social capital theory.

9.6 Concluding Remarks

The aim of this study was to examine how social capital influences board effectiveness within the context of Scottish football. To achieve this aim, this research first had to establish the role of the board within Scottish football. As has continually been pointed out in the governance literature, board roles are not standardised (Huse and Rindova, 2001). Thus, in order to understand the effectiveness of Scottish football club boards, the specific roles incumbent on their boards had to be identified. Following this, the present study examined how social capital influenced the performance of those roles, before analysing how social capital influenced board dynamics. Finally, to achieve a robust understanding of how social capital influenced board effectiveness, this research had to establish how the three dimensions of social capital interacted in the process of influencing board effectiveness.

This study adopted a multiple-case study design of three Scottish football clubs – Heart of Midlothian FC, Raith Rovers FC and Dunfermline AFC. In total, 28 semi-structured interviews were carried out with 25 individual club directors or representatives of key institutions, such as the Scottish Football Association. A range of documentary data was collected such as governance planning documents and article from the clubs' websites. Further, evidence was gathered from online supporter discussion forums, which represent a rich and easily accessible source of information that provides a valuable insight into the perspective of the clubs' key stakeholders.

The findings show that social is an important facilitator for board effectiveness. Specifically, social capital is found to be important for external board roles (such as strategy and resource co-optation) and board dynamics. For internal board roles (such as

control, service and operations), however, the findings indicate that human is the key facilitator.

This study makes important contributions to the corporate governance and social capital literatures. With regard to the corporate governance, this study represents a development of previous research that has traditionally focused too narrowly on board structures such as board independence and size (Finkelstein and Mooney, 2003; Minichilli et al, 2009; Pugliese et al, 2015). In particular, this study shows how aspects of social capital such as network ties, trust and shared values are key determinants of board effectiveness. In terms of social capital theory, this research has built on Nahapiet and Ghoshal's (1998) three-dimensional conceptualisation by showing how the nature of the interaction process between dimensions is dependent on contextual factors. As such, this research provides a novel way of understanding social capital theory that helps to draw together previously inconsistent findings.

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Appendix I – Interview Guide

Case		Date	
Name		Interviewer	
Section A – Background Details			
1	<i>When did you join the board?</i>		
2	<i>What is your title?</i>		
3	<i>What is your employment background?</i>		
Section B – Board Roles			
4	<i>Please describe what your role entails as a director of [insert Club name]?</i>		
5	<i>How would you compare the role of a football club's board to boards in other industries?</i>		
Section C – Board Effectiveness			
6	<i>What makes an effective board in Scottish football?</i>		
7	<i>What helps you to perform your [insert role name]?</i> Probe: <i>How important are your social connections in performing your [insert role name]?</i> Probe: <i>What role does trust play in performing your [insert role name]?</i> Probe: <i>How do things like a shared vision [or other cognitive attributes] influence your ability to perform your [insert role name]?</i>		
8	<i>How would you describe the working dynamic of your board?</i> Probe: <i>How does trust influence the working dynamic?</i> Probe: <i>How does a shared vision [or other cognitive attributes] influence the working dynamic?</i>		
9	<i>How do fan representatives affect board dynamics?</i>		

Section D – Social Capital		
14	<i>How do you strengthen your relationships with stakeholders?</i>	
15	<i>How does trust develop?</i>	
16	<i>How does a shared vision [or cognitive attributes] develop?</i>	

Appendix II – Initial Template

- 1. Structural SC**
 - 1.1. Community Networks
 - 1.2. Business Networks
 - 1.3. Football Networks
 - 1.4. Inter Organisational Networks
 - 1.4.1. Inter-Board Networks
 - 1.4.2. Board-Senior Management Networks
- 2. Relational SC**
 - 2.1. Trust
 - 2.2. Social Norms
 - 2.2.1. Inter-Board Norms
 - 2.2.2. Business Norms
 - 2.3. Social Identification
 - 2.4. Obligations/Expectations
- 3. Cognitive SC**
 - 3.1. Shared Vision
 - 3.2. Shared Values
 - 3.3. Shared Understanding
- 4. Human Capital**
 - 4.1. Diversity
 - 4.2. Business Experience
 - 4.3. Leadership
 - 4.4. Knowledge
- 5. Board Roles**
 - 5.1. Strategy
 - 5.2. Service
 - 5.3. Control
 - 5.4. Access to Resources
 - 5.5. Executive Role
- 6. Fan Directors**
 - 6.1. Director Requirements
 - 6.2. Director Selection
 - 6.3. Conditions for Success
- 7. Contextual Differences**
 - 7.1. Contrast with Other Football Clubs
 - 7.2. Contrast between Football and Business Sector
 - 7.3. Contrast with Previous Regime
 - 7.4. Contrast with Other Football Nations

Appendix III - Final Template

1. Structural Social Capital

- 1.1. Community Networks
 - 1.1.1. Relationships with Supporters Groups
 - 1.1.2. Relationships with Local Community
 - 1.1.2.1. Schools
 - 1.1.2.2. Residents
- 1.2. Business Networks
 - 1.2.1. Relationships with Local Businesses
 - 1.2.2. Relationships with Corporate Businesses
- 1.3. Football Networks
 - 1.3.1. Relationships with Other Clubs
 - 1.3.2. Relationships with Football Authorities
- 1.4. Inter Organisational Networks
 - 1.4.1. Inter-Board Relationships
 - 1.4.2. Board-Senior Management Relationships
 - 1.4.3. Board-Employee Relationships

2. Relational Social Capital

- 2.1. Trust
 - 2.1.1. Inter-Board Trust
 - 2.1.1.1. Longstanding Relationships
 - 2.1.1.2. Common Interests
 - 2.1.2. Trust with Supporters
 - 2.1.3. Trust with Other Football Clubs
- 2.2. Social Norms
 - 2.2.1. Inter-Board Norms
 - 2.2.1.1. Confidentiality
 - 2.2.1.2. Openness
 - 2.2.2. Club Norms
 - 2.2.2.1. Transparency
 - 2.2.2.2. Communication
- 2.3. Social Identification
- 2.4. Obligations/Expectations

3. Cognitive Social Capital

- 3.1. Shared Vision
 - 3.1.1. Community Focus
 - 3.1.2. Sustainability
- 3.2. Shared Values
 - 3.2.1. Emotional Attachment to Club
 - 3.2.2. 'Fans First' Attitude
- 3.3. Shared Understanding

4. Negative Effects of Social Capital

- 4.1. Groupthink
- 4.2. Traditionalism
- 4.3. Myopia

5. Human Capital

- 5.1. Diversity
- 5.2. Mix of Skills

- 5.3. Experience
 - 5.3.1. Business Experience
 - 5.3.2. Football Business Experience
- 5.4. Leadership
- 6. Board Roles**
 - 6.1. Strategy
 - 6.1.1. Community Strategy
 - 6.1.1.1. Fan Engagement
 - 6.2. Service
 - 6.2.1. Advice to Executive
 - 6.2.2. Executive Relationship
 - 6.3. Control
 - 6.3.1. Football Department
 - 6.3.1.1. Autonomy over Decision-Making
 - 6.3.1.2. Football Department Irresponsible
 - 6.3.2. Succession Planning
 - 6.3.2.1. Director Recruitment
 - 6.3.2.1.1. Must have Sufficient Time
 - 6.3.2.1.2. Must have Required Skills
 - 6.3.2.1.3. Must Share Ideals
 - 6.3.2.2. Manager Recruitment
 - 6.3.2.2.1. Appointment of Football Manager
 - 6.3.2.2.2. Appointment of Senior Management
 - 6.3.3. Risk Management
 - 6.4. Access to Resources
 - 6.4.1. Sponsorship
 - 6.4.1.1. Sponsorship Challenging in Scottish Football
 - 6.4.1.2. Sponsorship a Critical Success Factor
 - 6.5. Executive Role
- 7. Fan Representatives**
 - 7.1. Director Requirements
 - 7.1.1. Must have Sufficient Time
 - 7.1.2. Business Experience Helpful
 - 7.1.3. Must have Strong Network
 - 7.2. Conditions for Success
 - 7.2.1. Clarify the Role
 - 7.2.2. Communication
 - 7.2.3. Build Trust
- 8. Contextual Differences**
 - 8.1. Contrast with Other Football Clubs
 - 8.1.1. Contrast in Size
 - 8.1.2. Contrast in Fan Engagement
 - 8.1.3. Contrast in Board Structure
 - 8.1.4. Contrast in Board Roles
 - 8.2. Contrast between Football and Business Sector
 - 8.2.1. Contrast in Business Characteristics
 - 8.2.2. Contrast in Business Approach
 - 8.2.3. Contrast in Employee Relations
 - 8.3. Contrast with Previous Regime
 - 8.3.1. Contrast in Business Practice
 - 8.3.2. Contrast in Strategy

- 8.3.3. Contrast in Board Structure
- 8.4. Contrast with Other Football Nations
 - 8.4.1. Contrast in Finance
 - 8.4.2. Contrast in Ownership Structures
- 9. Environmental Factors**
 - 9.1. Scottish Football is Impoverished
 - 9.1.1. Limited Broadcasting Revenue
 - 9.1.2. Limited Sponsorship Revenue
 - 9.2. League Reconstruction
 - 9.2.1. Larger Leagues Preferable
 - 9.3. Scottish Clubs have Individualistic Attitudes
 - 9.4. Football Authorities in Conflict
 - 9.5. Financial Distribution Model Difficult to Change
 - 9.6. Government Intervention is Unproductive